

AMENDED AGENDA #2
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, January 15, 2019

SUBJECT	DESCRIPTION	PRESENTER
BUDGET	Presentation on Budget - State wide overview	Paul Headlee , Division Manager, Budget and Policy Analyst Legislative Services
BUDGET	Presentation on Budget - Budget specifics	Keith Bybee , Deputy Division Manager, of Budget and Policy Analyst Legislative Services
INTRODUCTION OF PAGE	Welcome and Introduction of Committee Page Mariya Ricks of Shelley, Idaho	Chairman Rice

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Carol Waldrip
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MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, January 15, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, and Nye

ABSENT/ EXCUSED: Senator Burgoyne

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:05 p.m.

BUDGET PRESENTATION: **Chairman Rice** introduced Mr. Paul Headlee, Division Manager, Budget and Policy Legislative Services Office (LSO), to present the Statewide budget overview. **Mr. Headlee** described the model that Idaho uses to structure and set the budget. The Idaho 2019 Legislative Budget Book (LBB) is the primary reference document used by the Joint Finance-Appropriations Committee (JFAC) in setting the Idaho State Budget. The Governor's recommendation provides the Legislature with a side-by-side comparison of each agency's budget request and the Governor's budget recommendation in a single, inclusive document.

Mr. Headlee reviewed Section I, the State Budget Process, with emphasis on the Idaho Decision Unit (IDU) Budget Model and its benchmarks, the Fiscal Year (FY) 2019 and FY 2020 General Fund (Attachment 1).

DISCUSSION: **Senator Vick** and **Mr. Headlee** discussed differences between the maintenance budget request and the Governor's recommendation. **Senator Hill** asked Mr. Headlee about zero-based budgeting - if it was automatic, what the rationale was for using it, and how it would differ from the JFAC process. **Mr. Headlee** explained how they analyzed the base and described how this process differed in the private sector.

Senator Hill asked Mr. Headlee if analysts ever see something in the base that may be advantageous for a legislator to focus on in terms of benefits, and if they feel comfortable bringing that to the attention of legislators. **Mr. Headlee** replied that they do from time to time look at certain items.

Vice Chairman Grow asked Mr. Headlee to elaborate more on Senator Hill's question regarding the executive departments putting together the budget. He asked if JFAC has the authority to reduce the budget even though something in policy was already set. **Mr. Headlee** said there is some discretion, and his office keeps track of them and then advises JFAC.

Vice Chairman Grow and **Mr. Headlee** discussed cash transfers. **Mr. Headlee** said they do track all the cash transfers and sometimes they go into a reserve fund.

Vice Chairman Grow asked if they have a schedule of the dedicated funds

that shows the increase or decrease in expenditures for the fiscal year from the dedicated funds. **Mr. Headlee** said he would get one for him.

Vice Chairman Grow asked about the benefits of the Public Employee Retirement System of Idaho (PERSI). One of the challenges across the nation has been the unfunded portion of public retirement. **Vice Chairman Grow** asked both for information on the percentage of Idaho's funded portion.

Senator Vick asked Mr. Headlee to explain how the Budget Stabilization Fund is different than the Economic Recovery Reserve. **Mr. Headlee** explained the Budget Stabilization Fund has a dedicated revenue source where there are some automatic transfers into that fund.

**BUDGET
PRESENTATION:**

Chairman Rice introduced Keith Bybee, Deputy Division Manager, Budget and Policy Analyst, LSO, to present budget specifics. **Mr. Bybee** said the State Tax Commission has five budgeted programs. The largest proportion of funding sources is the General Fund which is responsible for collecting income taxes for individual income tax, corporate income tax, and beer and wine tax. **Mr. Bybee** presented two budgets:

Budget #1 - The Board of Tax Appeals bill is funded primarily from the General Fund. The 2018 Total Appropriation and Total Expenditures is \$43,156,700. The 2020 Agency Request is \$45,422,800, which includes 6 new line items: Improve Field Office Security, Batch Monitoring Services, Additional Processing Staff, Taxpayer Services Positions, IT Help Desk, and Additional Auditors. The Governors Recommendation is \$44,818,500 (Attachment 2).

Budget #2 - Board of Tax Appeals. The 2018 Appropriation and Estimate was \$606,700. The 2018 Actual Expenditure was \$577,200. The 2019 Appropriation and Estimate were \$608,600. The 2020 Board of Tax Appeals Request is \$630,200, and the Governor Recommends \$639,900. The 2018 State Tax Commission Total Appropriation was \$45,381,200, and the Actual amount was \$43,156,700. In 2019 the Appropriation and Estimated Expenditures was \$43,750,200. For Fiscal Year 2020 the State Tax Commission requests an appropriation of \$45,422,800. The Governor recommends \$44,818,500. (Attachment 2)

Chairman Rice said he noticed the governor was recommending 11 fewer positions than were budgeted last year, and he asked Mr. Bybee if he knew what areas those positions or cuts are recommended to come from. **Mr. Bybee** replied that the plan is to take the current technology division, which is set up in the State Tax Commission, and move them over into the Office of Information Technology Services (IT), which is organized into the Governor's Office. This will consolidate the function so the State is saving by not having each individual agency have their own IT.

Senator Vick asked Mr. Bybee if the towns with a resort tax send some funds to the tax commission to help them with paperwork. He also asked if the county sends anything to help with property tax administration. **Mr. Bybee** responded that the property tax from the counties doesn't offer any support in code. The State is statutorily obligated to help the counties. They receive a General Fund appropriation to help the county support the work that the Tax Commission does.

Mr. Bybee said the Board of Tax bills are funded only with General Funds, though this year the Governor dedicated a small portion of the fund identified in Attachment 1.

**PAGE
INTRODUCTION:**

Chairman Rice welcomed the Committee page, Mariya Ricks, and asked her to provide a personal introduction. **Ms. Ricks** said she is from Shelley, Idaho. Since Ms. Ricks is home schooled she's able to continue doing her work online as she has in the past. She loves the arts and loves drawing and music and wants to study illustration at Brigham Young University (BYU).

ADJOURNED:

There being no further business, **Chairman Rice** adjourned the meeting at 4:45 p.m.

Senator Rice
Chair

Carol Waldrup
Secretary

First Regular Session, Sixty-Fifth Legislature

Idaho Legislative Budget Book For Fiscal Year 2020

This *Legislative Budget Book* is the primary reference document used by the Joint Senate Finance and House Appropriations Committee, in setting the Idaho State Budget. The publication is also available online at:

<https://legislature.idaho.gov/lso/bpa/pubs/>

Section I of this document contains statewide summary reports, charts, graphs and historical tables.

Section II provides a detailed description of agency budget requests for the Executive Branch, which includes twenty executive departments and the seven offices for statewide elected officials, the Judicial Branch and the Legislative Branch. Also included is the Governor's recommendation that provides the Legislature with a side-by-side comparison of each agency's budget request and the Governor's budget recommendation in a single, inclusive document. Policy oversight is emphasized in this document by grouping and displaying minor programs at the agency or divisional level, and clearly displaying and comparing the key policy budget decisions that need to be made. Detail objects of expenditures (personnel costs, operating expenditures, capital outlay, and trustee and benefit payments) are de-emphasized to allow the use of larger fonts with fewer pages.

Supporting Agency Profile Documents include other analyses intended to lend context to the discussion of each agency's budget.

A comprehensive database, and numerous working files, also support the information contained in this document. These enable the Legislature's Budget and Policy Analysis staff to provide an extensive amount of fiscal information to legislative leadership, members of JFAC, germane committees and the Legislature as a whole.

A Publication of the Legislative Services Office

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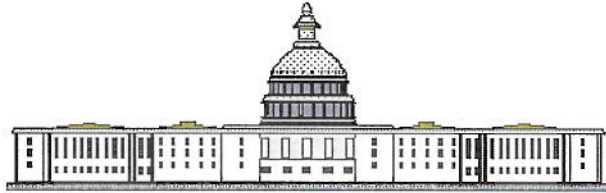
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Joint Senate Finance House Appropriations Committee



FIRST REGULAR SESSION OF THE SIXTY-FIFTH IDAHO LEGISLATURE

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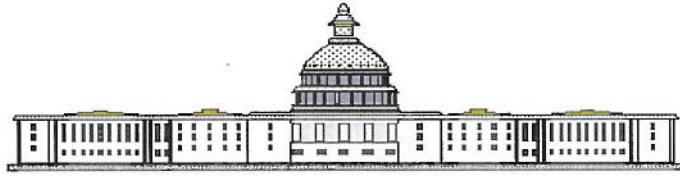
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Budget and Policy Analysis

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Lindsey Youtz, Administrative Assistant 334-3537

Idaho Legislative Budget Book

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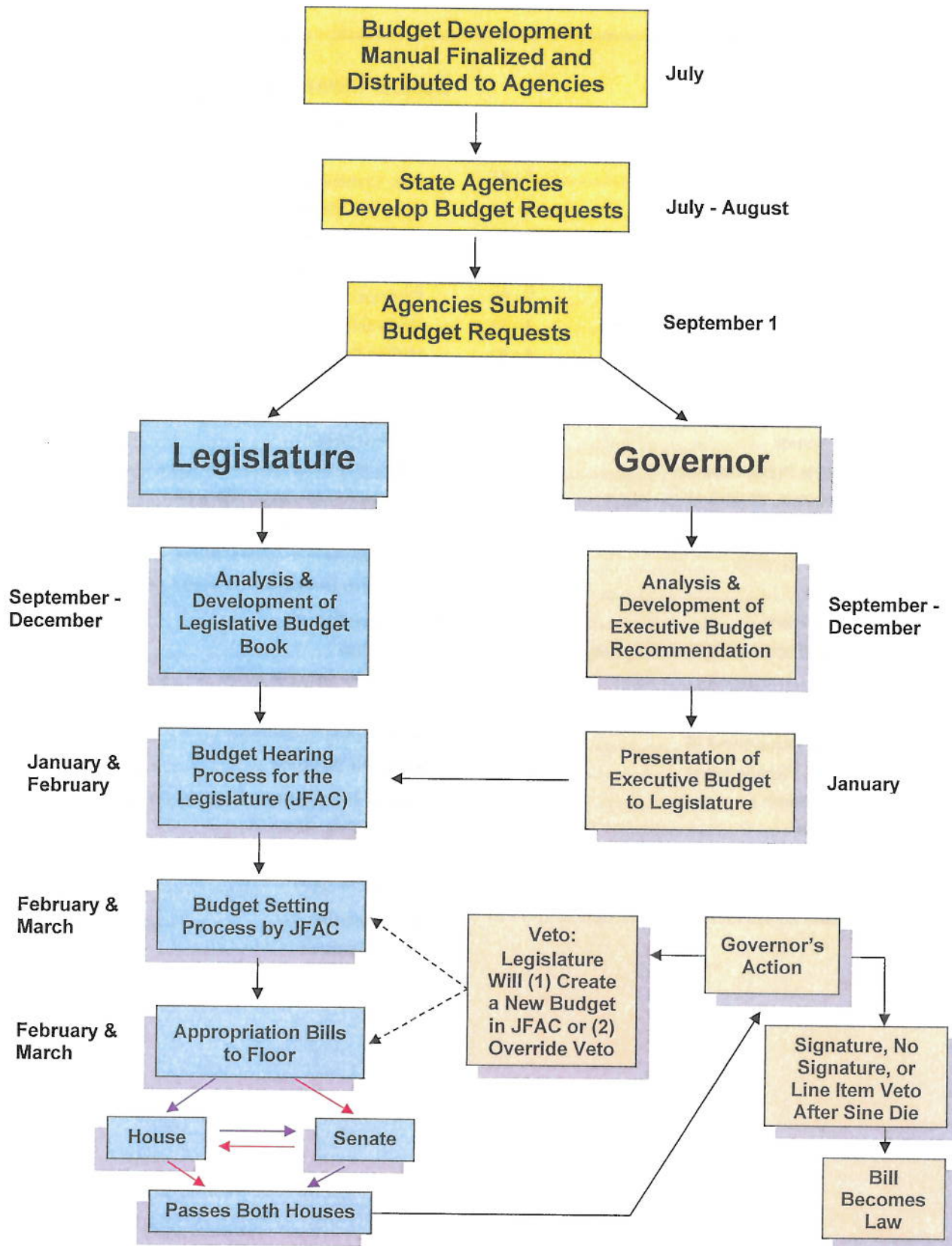
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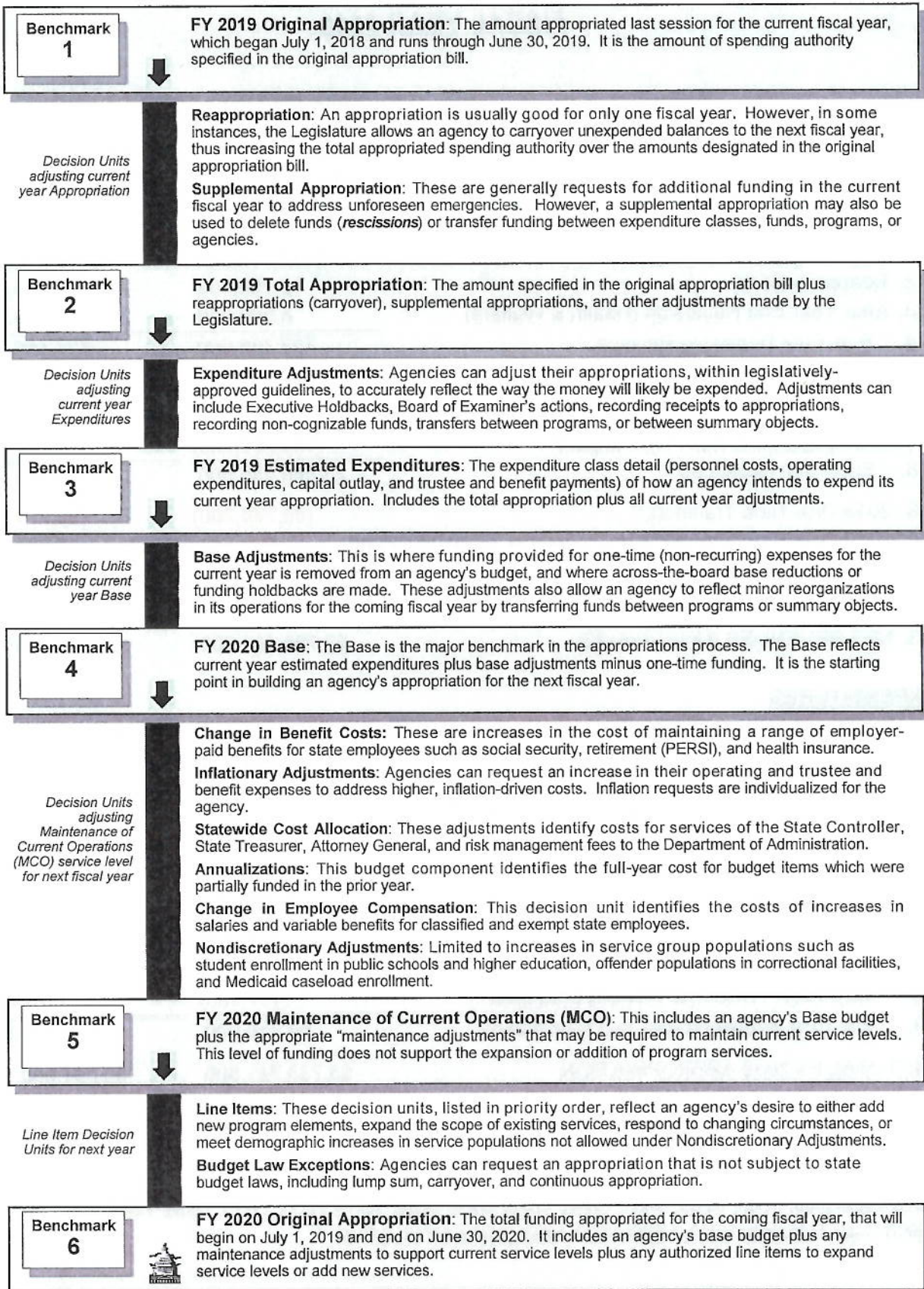
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Annual State of Idaho Budget Process



The Idaho Decision Unit (DU) Budget Model



General Fund Summary

FISCAL YEAR 2019

<u>REVENUES</u>	Sine Die, Orig. Forecast, Year-End Adjustments, and Supplemental Requests	Governor's Recommendation (Jan. 2019)
1. Beginning Cash Balance	\$118,358,300	\$118,358,300
2. Reappropriation	2,758,100	2,758,100
3. After Year-End Reversion (Health & Welfare)	6,050,500	6,050,500
4. Sub-Total Beginning Balance	127,166,900	127,166,900
5. DFM Orig Rev Forecast of 2.5% at Sine Die	3,823,128,000	
6. DFM Jan. 2019 Revised Est (0.5% above FY18 actual)		3,750,320,500
7. 2018 Legislation with Fiscal Impact*	(153,872,200)	
8. Sub-Total Revenues	\$3,669,255,800	\$3,750,320,500
9. 2018 One-Time Transfers**	(89,774,200)	(89,774,200)
10. 2019 One-Time Transfer from Consumer Protection Fund		1,200,000
11. Deficiency Warrants	(167,000)	(167,000)
12. Sub-Total Transfers	(89,941,200)	(88,741,200)
13. NET REVENUES (Lines 4+8+12)	\$3,706,481,500	\$3,788,746,200
<u>EXPENDITURES</u>		
14. FY 2019 Original Appropriation	\$3,652,724,800	\$3,652,724,800
15. Reappropriation	2,758,100	2,758,100
16. Requested Supplemental Appropriations and Rescissions:		
17. Education	19,523,900	375,000
18. Health and Human Services (Medicaid)	41,897,400	32,506,700
19. Law and Justice	1,392,600	2,318,800
20. Economic Development	298,100	0
21. General Government	5,254,700	523,100
22. Rescission - Graduate Medical Education	(107,800)	(107,800)
23. Sub-Total Supplementals and Rescissions	68,258,900	35,615,800
24. TOTAL FY 2019 APPROPRIATION	\$3,723,741,800	\$3,691,098,700
25. FY 2019 ESTIMATED ENDING BALANCE	(\$17,260,300)	\$97,647,500

*2018 Legislation: H361, H365, H451, H453, H463, H492, H493, H513, H514, H515, H599, H643, H675

**2018 Cash Transfers: H612, H669, H677, H691, H700, H715, S1349

General Fund Summary

FISCAL YEAR 2020

<u>REVENUES</u>	<u>Agency Request</u>	<u>Governor's Recommendation</u>
1. Estimated Beginning Balance	\$97,647,500	\$97,647,500
2. DFM Orig Rev Est (8.2% increase from FY2019 forecast)	4,057,429,900	4,057,429,900
3. Legislation - Exempt Copies of Public Records from Sales Tax		(5,000)
4. Legislation - Annual Tax Conformity		(320,000)
5. Legislation - First-Time Homebuyers Savings Account		(4,650,600)
6. Total Revenues and Beginning Cash Balance	\$4,155,077,400	\$4,150,101,800
7. Transfer to Help America Vote Act (HAVA)		(161,500)
8. Transfer to Technology Infrastructure Stabilization Fund (TISF)		(14,713,500)
9. Transfer to Permanent Building Fund		(21,504,800)
10. Transfer to STEM Education Fund		(1,000,000)
11. Transfer to Wolf Control Board		(200,000)
12. Transfer to Public Defense Commission		(11,000,000)
13. Transfer to Police Officers Standards and Training Academy (POST) Fund		(1,030,800)
14. Transfer to Disaster Emergency Fund		(2,000,000)
15. Transfer to Public Education Stabilization Fund		(8,600,000)
16. Transfer to Fire Suppression Deficiency Fund		(20,000,000)
17. Sub-Total Transfers		(80,210,600)
18. NET REVENUES AVAILABLE (line 6 + 17)	\$4,155,077,400	\$4,069,891,200
<u>EXPENDITURES</u>		
19. FY 2020 Base Budget	3,675,253,800	3,670,198,400
Maintenance Costs:		
20. Benefit Changes	8,010,600	1,341,800
21. Inflationary Adjustments	2,411,700	951,600
22. Replacement Items	24,662,600	8,532,800
23. Statewide Cost Allocation	2,776,900	2,775,900
24. Annualizations	2,892,000	2,718,200
25. Change in Employee Compensation	7,021,900	20,476,200
26. Public Schools CEC Classified & Administrators	2,448,800	7,341,700
27. Military Compensation	61,700	0
28. Nondiscretionary Adjustments	129,998,200	128,887,600
29. Endowment Adjustments	(1,865,000)	(1,795,200)
30. FY 2020 Program Maintenance Subtotal	\$3,853,673,200	\$3,841,429,000
Line Item Requests (Less \$54.9M Cash Transfers to Ded. Funds)		
31. Education	\$90,668,200	\$37,053,200
32. Health and Human Services	28,810,600	12,813,600
33. Law and Justice	40,135,700	7,883,000
34. Natural Resources	1,928,700	1,744,600
35. Economic Development	7,650,600	(4,764,700)
36. General Government	5,898,300	1,169,400
37. Omnibus Decisions (Governor's Technology Initiatives)	0	(24,900)
38. FY 2020 Line Items (Less \$54.9M Transfers) Subtotal	\$175,092,100	\$55,874,200
39. FY 2020 Original Appropriation (line 30 + 38)	\$4,028,765,300	\$3,897,303,200
40. FY 2020 ESTIMATED ENDING BALANCE (line 18 - 39)	\$126,312,100	\$172,588,000
Percentage Increase Over FY 2019 Original Appropriation	10.3%	6.7%

General Fund Revenue Collections & Estimates

Source	Actual			
	FY 2013	FY 2014	FY 2015	FY 2016
Individual Income Tax	\$1,284,323,929	\$1,329,264,582	\$1,470,856,952	\$1,513,168,519
% change	6.5%	3.5%	10.7%	2.9%
Corporate Income Tax	198,659,090	188,291,424	215,402,876	186,869,097
% change	6.2%	(5.2%)	14.4%	(13.2%)
Sales Tax	1,109,828,539	1,145,731,785	1,218,769,691	1,303,027,519
% change	8.0%	3.2%	6.4%	6.9%
Cigarette Tax	13,077,000	3,695,604	3,337,597	7,899,996
Tobacco Tax	10,013,026	9,883,755	10,504,522	11,595,623
Beer Tax	1,927,751	1,890,918	1,911,292	1,934,403
Wine Tax	3,908,678	4,134,639	4,237,620	4,481,223
Liquor Distribution	<u>20,925,004</u>	<u>24,210,000</u>	<u>25,480,000</u>	<u>25,890,004</u>
Product Taxes subtotal	49,851,459	43,814,916	45,471,031	51,801,249
% change	15.5%	(12.1%)	3.8%	13.9%
Kilowatt-Hour Tax	1,919,852	1,839,874	1,917,809	1,876,626
Mine License	531,466	518,734	69,318	(247,401)
State Treasurer Int.	355,696	(365,532)	(1,571,264)	324,425
Judicial Branch	4,591,958	4,355,631	6,141,488	6,251,398
Insurance Prem. Tax	55,621,675	59,356,420	61,747,055	72,123,281
State Police	127,729	0	(3,171)	0
Secretary of State	2,537,965	2,701,683	2,764,659	2,781,488
Unclaimed Property	6,997,488	5,654,952	6,293,300	9,928,448
Estate Tax	63,000	303,825	(1)	276
Other	<u>34,875,345</u>	<u>33,961,030</u>	<u>28,905,769</u>	<u>35,789,042</u>
Misc. Revenue Subtotal	107,622,174	108,326,617	106,264,962	128,827,583
% change	(13.0%)	0.7%	(1.9%)	21.2%
Total General Fund Collections	\$2,750,285,200	\$2,815,429,300	\$3,056,765,500	\$3,183,694,000
% change	6.3%	2.4%	8.6%	4.2%
Expenditures	2,693,784,300	2,767,974,900	2,880,066,900	3,021,143,300
% change	7.5%	2.8%	4.0%	4.9%
Collections-Expenditures	56,500,900	47,454,400	176,698,600	162,550,700
Beginning Balance:	139,052,900	82,784,900	53,574,800	73,291,600
Net Transfers In (Out):	(112,766,200)	(78,250,800)	(185,326,500)	(159,268,900)
Adjustments:	(2,700)	1,586,300	(400)	200
Total Ending Balance	82,784,900	53,574,800	44,946,500	76,573,600

Sources: Legislative Fiscal Reports and the Division of Financial Management

General Fund Revenue Collections & Estimates

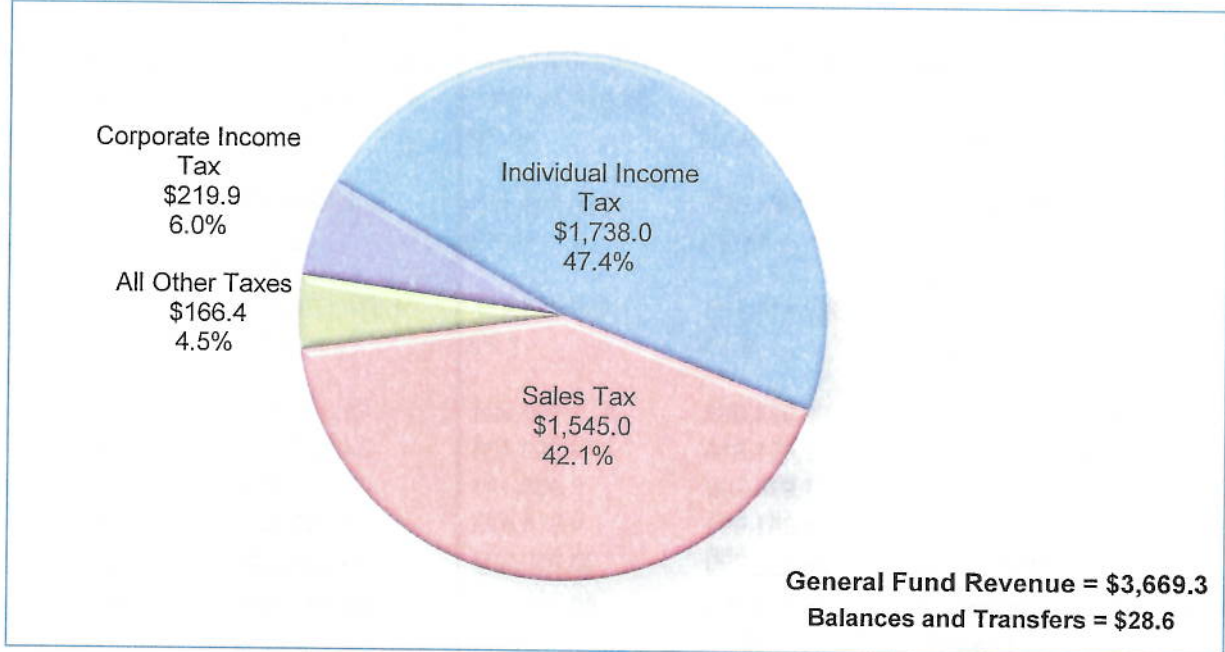
Source			Governor's Forecast	
	FY 2017	FY 2018	FY 2019	FY 2020
Individual Income Tax	\$1,651,196,217	\$1,828,281,687	\$1,773,800,300	\$1,954,258,600
% change	9.1%	10.7%	(3.0%)	10.2%
Corporate Income Tax	214,021,077	238,708,455	223,180,900	256,323,000
% change	14.5%	11.5%	(6.5%)	14.8%
Sales Tax	1,382,418,158	1,490,015,437	1,575,564,000	1,667,036,000
% change	6.1%	7.8%	5.7%	5.8%
Cigarette Tax	9,974,999	7,305,804	10,387,800	7,939,000
Tobacco Tax	12,651,918	13,253,406	14,176,600	14,581,400
Beer Tax	1,935,200	1,965,451	1,972,200	1,989,300
Wine Tax	4,651,593	4,814,685	5,043,100	5,323,800
Liquor Distribution	<u>28,879,996</u>	<u>30,960,004</u>	<u>33,235,000</u>	<u>33,866,200</u>
Product Taxes subtotal	58,093,706	58,299,350	64,814,700	63,699,700
% change	12.1%	0.4%	11.2%	(1.7%)
Kilowatt-Hour Tax	2,107,504	2,592,173	2,200,000	2,000,000
Mine License	50,048	24,247	100,000	125,000
State Treasurer Int.	(147,382)	4,654,493	6,389,000	12,389,800
Judicial Branch	8,443,898	9,183,950	7,851,600	7,885,800
Insurance Prem. Tax	75,423,198	70,485,925	67,885,500	68,416,500
State Police	297,753	(270)	0	0
Secretary of State	2,926,547	3,483,937	3,684,400	3,884,900
Unclaimed Property	10,369,301	8,506,529	9,000,000	9,000,000
Estate Tax	0	0	0	0
Other	<u>43,263,563</u>	<u>17,370,441</u>	<u>15,850,200</u>	<u>12,410,700</u>
Misc. Revenue Subtotal	142,734,430	116,301,425	112,960,700	116,112,700
% change	10.8%	(18.5%)	(2.9%)	2.8%
Total General Fund Collections	\$3,448,463,600	\$3,731,606,400	*\$3,750,320,500	*\$4,057,429,900
% change	8.3%	8.2%	0.5%	8.2%
Expenditures	3,260,075,300	3,469,405,300	3,691,098,700	3,897,303,200
% change	7.9%	6.4%	6.4%	5.6%
Collections-Expenditures	188,388,300	262,201,100	59,221,800	160,126,700
Beginning Balance:	76,573,600	109,420,900	127,166,900	97,647,500
Net Transfers In (Out):	(155,496,100)	(253,263,700)	(88,741,200)	(80,210,600)
Adjustments:	<u>(48,000)</u>	<u>0</u>	<u>0</u>	<u>(4,975,600)</u>
Total Ending Balance	109,417,800	118,358,300	\$97,647,500	\$172,588,000

*Total Collections Forecasts are rounded

FY 2019 General Fund Revenue & Appropriations

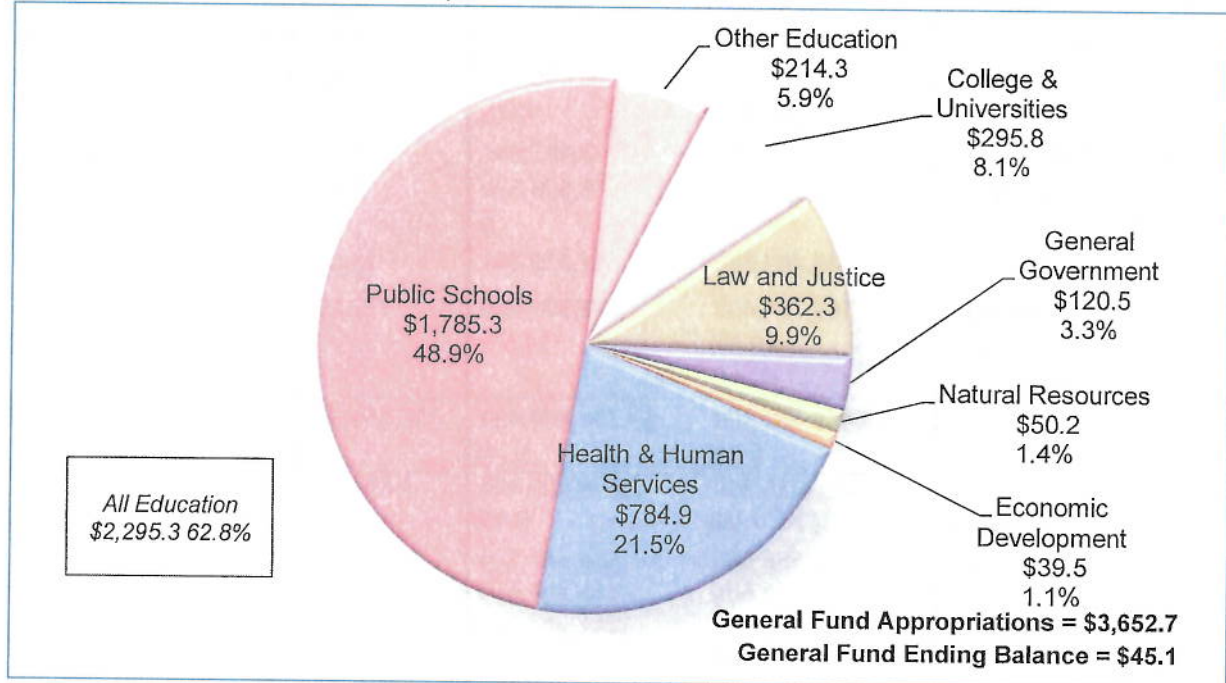
"Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



"Where the money goes . . ."

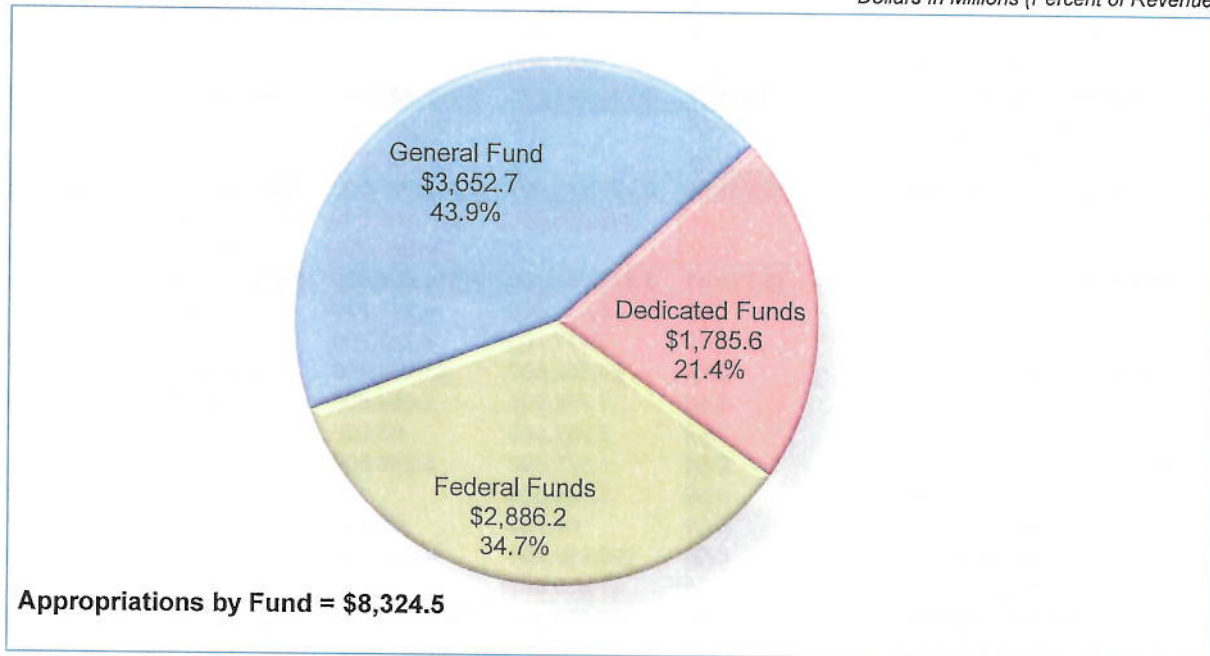
Dollars In Millions (Percent of Appropriations)



FY 2019 All Appropriations by Fund & Function

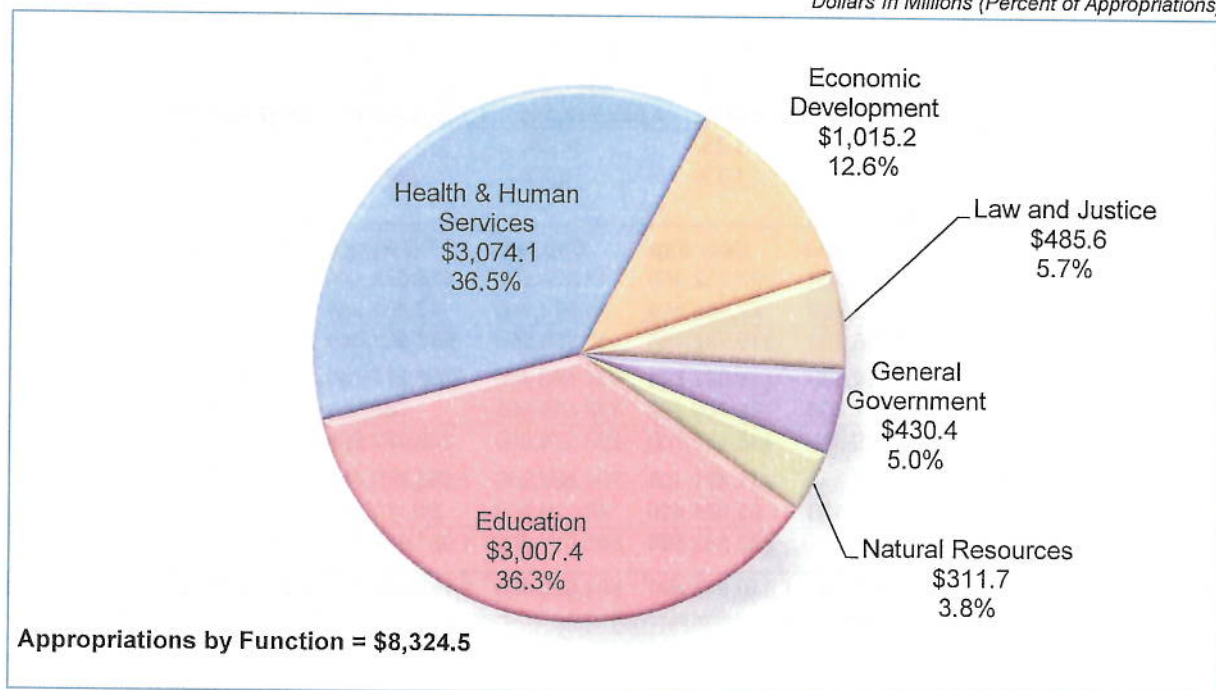
"Where the money comes from . . ."

Dollars In Millions (Percent of Revenue)



"Where the money goes . . ."

Dollars In Millions (Percent of Appropriations)



FY 2020 Agency Request by Decision Unit

Decision Unit	FTP	Gen	Ded	Fed	Total		
FY 2019 Original Appropriation	19,599.87	3,652,724,800	1,785,577,000	2,886,212,500	8,324,514,300		
Reappropriation	0.00	2,758,100	492,509,600	155,610,400	650,878,100		
Supplementals	12.08	68,366,700	14,440,500	150,092,100	232,899,300		
Rescissions	0.00	(107,800)	0	(267,200)	(375,000)		
Deficiency Warrants	0.00	167,000	0	0	167,000		
Cash Transfers & Adjustments	0.00	(167,000)	0	0	(167,000)		
FY 2019 Total Appropriation	19,611.95	3,723,741,800	2,292,527,100	3,191,647,800	9,207,916,700		
Noncognizable Funds and Transfers	104.97	0	23,934,500	57,707,400	81,641,900		
Expenditure Adjustments	0.00	0	(4,453,800)	0	(4,453,800)		
FY 2019 Estimated Expenditures	19,716.92	3,723,741,800	2,312,007,800	3,249,355,200	9,285,104,800		
Removal of Onetime Expenditures	(1.00)	(48,488,000)	(751,090,300)	(371,235,900)	(1,170,814,200)		
Base Adjustments	(5.51)	0	(20,381,900)	(13,069,300)	(33,451,200)		
FY 2020 Base	19,710.41	3,675,253,800	1,540,535,600	2,865,050,000	8,080,839,400		
Benefit Costs	0.00	8,010,600	1,247,900	753,600	10,012,100		
Inflationary Adjustments	0.00	2,411,700	3,245,700	11,400	5,668,800		
Replacement Items	0.00	24,662,600	81,764,700	2,634,300	109,061,600		
Statewide Cost Allocation	0.00	2,776,900	2,084,600	696,000	5,557,500		
Annualizations	1.42	2,892,000	63,000	0	2,955,000		
Change in Employee Compensation	0.00	7,021,900	5,248,800	2,242,700	14,513,400		
Public Schools Admin/Classified CEC	0.00	2,448,800	0	0	2,448,800		
Military Compensation	0.00	61,700	59,000	283,100	403,800		
Nondiscretionary Adjustments	0.00	129,998,200	4,589,800	60,802,300	195,390,300		
Endowment Adjustments	0.00	(1,865,000)	2,231,500	0	366,500		
FY 2020 Program Maintenance	19,711.83	3,853,673,200	1,641,070,600	2,932,473,400	8,427,217,200		
Line Items by Functional Area							
Education	34.94	90,668,200	55,000	2,249,400	92,972,600		
Health and Human Services	20.00	28,810,600	2,067,500	41,192,600	72,070,700		
Law and Justice	85.00	40,135,700	1,669,400	671,700	42,476,800		
Natural Resources	7.42	1,928,700	10,307,800	9,939,300	22,175,800		
Economic Development	20.05	7,650,600	56,537,000	62,974,900	127,162,500		
General Government	61.50	6,459,800	30,114,400	7,936,000	44,510,200		
Cash Transfers	0.00	(561,500)	(2,216,000)	0	(2,777,500)		
FY 2020 Original Appropriation	19,940.74	4,028,765,300	1,739,605,700	3,057,437,300	8,825,808,300		
Percent Change from Orig. Appropriation	1.7%	10.3%	(2.6%)	5.9%	6.0%		
Percent Change from Total Appropriation	1.7%	8.2%	(24.1%)	(4.2%)	(4.1%)		
FY 2020 Total Agency Request							
	FTP	Pers Costs	Oper Exp	Cap Out	T/B Pymts	Lump Sum	Total
General	9,516.75	869,898,400	297,332,600	12,934,300	878,525,400	1,909,471,000	3,968,161,700
OT	0.00	1,708,500	22,459,500	25,973,700	10,461,900	0	60,603,600
Fund Total:	9,516.75	871,606,900	319,792,100	38,908,000	888,987,300	1,909,471,000	4,028,765,300
Dedicated	8,384.62	623,514,300	413,087,500	137,539,400	308,277,900	101,576,300	1,583,995,400
OT	0.00	11,700	25,400,200	122,535,600	155,000	7,507,800	155,610,300
Fund Total:	8,384.62	623,526,000	438,487,700	260,075,000	308,432,900	109,084,100	1,739,605,700
Federal	2,039.37	273,728,300	232,471,100	264,888,200	1,902,870,800	264,115,000	2,938,073,400
OT	0.00	31,400	50,091,500	40,129,200	29,111,800	0	119,363,900
Fund Total:	2,039.37	273,759,700	282,562,600	305,017,400	1,931,982,600	264,115,000	3,057,437,300
Total:	19,940.74	1,768,892,600	1,040,842,400	604,000,400	3,129,402,800	2,282,670,100	8,825,808,300

FY 2020 Governor's Rec by Decision Unit

Decision Unit	FTP	Gen	Ded	Fed	Total		
FY 2019 Original Appropriation	19,599.87	3,652,724,800	1,785,577,000	2,886,212,500	8,324,514,300		
Reappropriation	0.00	2,758,100	492,509,600	155,610,400	650,878,100		
Supplementals	9.75	35,723,600	23,328,800	151,292,100	210,344,500		
Rescissions	0.00	(107,800)	0	(267,200)	(375,000)		
Deficiency Warrants	0.00	167,000	0	0	167,000		
Cash Transfers & Adjustments	0.00	(167,000)	0	0	(167,000)		
FY 2019 Total Appropriation	19,609.62	3,691,098,700	2,301,415,400	3,192,847,800	9,185,361,900		
Noncognizable Funds and Transfers	104.97	0	23,934,500	57,707,400	81,641,900		
Expenditure Adjustments	0.00	0	(4,453,800)	0	(4,453,800)		
FY 2019 Estimated Expenditures	19,714.59	3,691,098,700	2,320,896,100	3,250,555,200	9,262,550,000		
Removal of Onetime Expenditures	(1.00)	(20,900,300)	(761,182,500)	(371,235,900)	(1,153,318,700)		
Base Adjustments	(5.51)	0	(20,366,700)	(13,069,300)	(33,436,000)		
FY 2020 Base	19,708.08	3,670,198,400	1,539,346,900	2,866,250,000	8,075,795,300		
Benefit Costs	0.00	1,341,800	(3,609,400)	(1,461,800)	(3,729,400)		
Inflationary Adjustments	0.00	951,600	3,238,700	11,400	4,201,700		
Replacement Items	0.00	8,532,800	82,936,800	2,263,300	93,732,900		
Statewide Cost Allocation	0.00	2,775,900	1,998,500	695,800	5,470,200		
Annualizations	0.75	2,718,200	55,400	0	2,773,600		
Change in Employee Compensation	0.00	20,476,200	14,790,200	6,325,300	41,591,700		
Public Schools Admin/Classified CEC	0.00	7,341,700	0	0	7,341,700		
Nondiscretionary Adjustments	0.00	128,887,600	6,475,900	60,802,300	196,165,800		
Endowment Adjustments	0.00	(1,795,200)	2,082,300	0	287,100		
FY 2020 Program Maintenance	19,708.83	3,841,429,000	1,647,315,300	2,934,886,300	8,423,630,600		
Line Items by Functional Area							
Education	12.75	37,053,200	121,900	2,249,400	39,424,500		
Health and Human Services	12.00	12,813,600	18,046,100	208,656,000	239,515,700		
Law and Justice	33.00	8,913,800	7,722,200	650,500	17,286,500		
Natural Resources	6.42	21,744,600	9,638,600	9,936,000	41,319,200		
Economic Development	17.30	6,235,300	66,603,000	67,469,900	140,308,200		
General Government	49.50	24,035,700	44,696,400	7,951,400	76,683,500		
Omnibus Decisions	(13.00)	(24,900)	3,529,800	219,900	3,724,800		
Cash Transfers	0.00	(54,897,100)	(2,216,000)	0	(57,113,100)		
FY 2020 Original Appropriation	19,826.80	3,897,303,200	1,795,457,300	3,232,019,400	8,924,779,900		
Percent Change from Orig. Appropriation	1.2%	6.7%	0.6%	12.0%	7.2%		
Percent Change from Total Appropriation	1.1%	5.6%	(22.0%)	1.2%	(2.8%)		
FY 2020 Total Recommendation							
	FTP	Pers Costs	Oper Exp	Cap Out	T/B Pymts	Lump Sum	Total
General	9,403.96	869,273,800	275,390,100	12,373,300	834,724,900	1,878,665,400	3,870,427,500
OT	0.67	433,500	3,321,400	7,846,900	15,173,900	100,000	26,875,700
Fund Total:	9,404.63	869,707,300	278,711,500	20,220,200	849,898,800	1,878,765,400	3,897,303,200
Dedicated	8,384.50	625,998,200	414,678,200	139,014,400	330,037,700	101,576,300	1,611,304,800
OT	0.00	11,700	40,709,400	143,276,400	155,000	0	184,152,500
Fund Total:	8,384.50	626,009,900	455,387,600	282,290,800	330,192,700	101,576,300	1,795,457,300
Federal	2,037.67	276,101,400	232,019,900	264,888,200	2,073,599,800	264,115,000	3,110,724,300
OT	0.00	31,400	48,031,300	39,797,100	29,111,800	4,323,500	121,295,100
Fund Total:	2,037.67	276,132,800	280,051,200	304,685,300	2,102,711,600	268,438,500	3,232,019,400
Total:	19,826.80	1,771,850,000	1,014,150,300	607,196,300	3,282,803,100	2,248,780,200	8,924,779,900

FY 2019 Deficiency Warrants And Supplemental Requests

Func Area/Dept/Div	Request			Gov's Rec		
	FTP	General	Total	FTP	General	Total
Part A: Deficiency Warrants						
Economic Development						
Department of Agriculture						
1. Pest Control Deficiency Warrants	0.00	140,200	140,200	0.00	140,200	140,200
General Government						
Office of the Governor						
Military Division						
2. HazMat Deficiency Warrants	0.00	26,800	26,800	0.00	26,800	26,800
Total:	0.00	167,000	167,000	0.00	167,000	167,000
Part B: Supplementals						
Education						
Public School Support						
Operations						
1. Keep Idaho Students Safe	0.00	18,500,000	18,500,000	0.00	0	0
Central Services						
2. Keep Idaho Students Safe	0.00	610,000	610,000	0.00	0	0
State Board of Education						
Health Education Programs						
3. FMR, Rural Training Track	1.50	375,000	375,000	1.50	375,000	375,000
4. FMR, Net Object Transfer	0.00	0	0	0.00	0	0
Superintendent of Public Instruction						
5. Crisis Communications Counselor	1.00	38,900	38,900	0.00	0	0
Health and Human Services						
Department of Health and Welfare						
Services for the Developmentally Disabled						
6. Various Health Federal Grants	0.00	0	(750,000)	0.00	0	(750,000)
Division of Medicaid						
7. FY 2018 Medicaid Held Payments	0.00	5,075,500	9,307,400	0.00	0	9,307,400
8. MMIS Contract Extensions	0.00	580,400	2,321,600	0.00	580,400	2,321,600
9. Hospital Cost Audit Fund Adjustment	0.00	16,556,100	0	0.00	16,556,100	0
10. Various Health Federal Grants	0.00	0	(700,000)	0.00	0	(700,000)
11. Increase in Utilization of Services	0.00	18,905,400	32,502,600	0.00	14,850,200	32,502,600
Public Health Services						
12. Various Health Federal Grants	6.00	0	5,550,000	6.00	0	5,550,000
13. Additional EMS Grants	0.00	0	300,000	0.00	0	300,000
Substance Abuse Treatment & Prevention						
14. Already Approved Contract Increase	0.00	780,000	780,000	0.00	520,000	520,000
Division of Welfare						
15. Various Health Federal Grants	0.00	0	(1,000,000)	0.00	0	(1,000,000)
Healthcare Policy Initiatives						
16. Various Health Federal Grants	0.00	0	(3,100,000)	0.00	0	(3,100,000)
17. Graduate Medical Education	0.00	(107,800)	(375,000)	0.00	(107,800)	(375,000)
Law and Justice						
Department of Correction						
County & Out-of-State Placement						
18. Population-Driven Costs	0.00	0	0	0.00	1,742,700	1,742,700
Correctional Alternative Placement						
19. Population-Driven Costs	0.00	0	0	0.00	0	0

FY 2019 Deficiency Warrants And Supplemental Requests

Func Area/Dept/Div	Request			Gov's Rec		
	FTP	General	Total	FTP	General	Total
Medical Services						
20. Population-Driven Costs	0.00	762,700	762,700	0.00	51,300	51,300
21. SICI North Dorm Conversion	0.00	629,900	629,900	0.00	524,800	524,800
Idaho State Police						
Racing Commission						
22. Hair Testing Rule	0.00	0	40,900	0.00	0	40,900
Natural Resources						
Department of Fish and Game						
23. Endangered Species Habitat Projects	0.00	0	1,825,100	0.00	0	1,825,100
Economic Development						
Industrial Commission						
24. Chinden Campus Relocation	0.00	0	967,900	0.00	0	847,400
Public Utilities Commission						
25. Chinden Campus Relocation	0.00	0	2,419,300	0.00	0	2,419,300
Self-Governing Agencies						
Division of Building Safety						
26. Fund Shift Between Programs	0.00	0	0	0.00	0	0
27. Receipt of Donations	0.00	0	30,000	0.00	0	30,000
28. DOT Grant	1.00	0	71,900	1.00	0	71,900
29. Damage Prevention Program	0.00	0	40,000	0.00	0	40,000
30. PUC Sub grant	0.00	0	44,700	0.00	0	44,700
Idaho State Historical Society						
31. Idaho State Museum	0.00	0	1,500,000	0.00	0	1,500,000
Idaho Commission for Libraries						
32. LiLI Contract Extension	0.00	54,000	54,000	0.00	0	0
33. Broadband Reimbursement	0.00	12,600	12,600	0.00	0	0
Medical Boards						
34. Database Upgrade Completion	0.00	0	178,500	0.00	0	178,500
35. Retirement Vacation Payout	0.00	0	20,600	0.00	0	20,600
Public Defense Commission						
36. Training Director	1.00	39,500	39,500	0.00	0	0
37. Public Defender Training	0.00	15,000	15,000	0.00	0	0
38. Extraordinary Litigation Costs	0.00	177,000	177,000	0.00	0	0
Division of Veterans Services						
39. Appropriation Adjust-Match Revenue	0.00	0	0	0.00	0	0
40. 4th Veterans Home Design Costs	0.00	0	0	0.00	0	800,000
Idaho Transportation Department						
Transportation Services						
41. D5 Headquarters Roof Replacement	0.00	0	330,000	0.00	0	330,000
Contract Construction & Right-of-Way Acquisition						
42. Strategic Initiatives Program Fund	0.00	0	62,160,300	0.00	0	62,160,300
43. FHWA Grant I-84 Projects	0.00	0	90,240,000	0.00	0	90,240,000
General Government						
Department of Administration						
44. Chinden Campus	1.00	0	0	1.00	0	0
45. Project Management Software	0.00	0	181,000	0.00	0	181,000
46. Postal Increase	0.00	0	87,800	0.00	0	87,800
Permanent Building Fund						
47. ISU Eames Complex	0.00	0	0	0.00	0	0
Office of the Governor						
Commission for the Blind and Visually Impaired						
48. Adaptive Aids & Appliances	0.00	0	15,000	0.00	0	15,000

FY 2019 Deficiency Warrants And Supplemental Requests

Func Area/Dept/Div	Request			Gov's Rec		
	FTP	General	Total	FTP	General	Total
Division of Human Resources						
49. CPM Personnel Reclassification	0.00	0	41,500	0.00	0	41,500
Office of Information Technology Services						
50. Moving Costs	0.00	0	0	0.00	0	282,000
STEM Action Center						
51. Approp for Private Contributions	0.00	0	1,000,000	0.00	0	1,000,000
Legislative Branch						
Legislative Services Office						
52. Capitol Renovation Costs	0.00	900,000	900,000	0.00	0	0
Redistricting Commission						
53. Redistricting Costs	0.00	45,000	45,000	0.00	0	0
Department of Revenue and Taxation						
Board of Tax Appeals						
54. New Lease - New Space	0.00	9,900	9,900	0.00	9,900	9,900
State Tax Commission						
55. Additional Moving Costs	0.00	740,000	740,000	0.00	500,000	500,000
56. LUMA Coordinator	0.33	21,600	25,500	0.00	0	0
57. Trailer to H492 of 2018	0.25	13,200	13,200	0.25	13,200	13,200
58. Property Tax Education	0.00	0	20,000	0.00	0	20,000
State Treasurer						
59. Treasurer's Office Relocation	0.00	3,525,000	3,525,000	0.00	0	0
Total:	12.08	68,258,900	232,524,300	9.75	35,615,800	209,969,500
Grand Total:	12.08	68,425,900	232,691,300	9.75	35,782,800	210,136,500

FTP All Funds Summary by Agency

	FY 2018 Actual	FY 2019 Orig App	FY 2020 Request	Chg From FY 2019 Orig	FY 2020 Gov's Rec	Chg From FY 2019
1 Education						
Public School Support						
Agricultural Research & Extension Service	301.44	320.34	348.68	28.34	343.11	22.77
College and Universities	4,558.31	4,680.80	4,756.72	75.92	4,753.54	72.74
Community Colleges						
Education, Office of the State Board of	31.25	34.25	38.25	4.00	35.25	1.00
Health Education Programs	25.80	30.15	40.65	10.50	36.65	6.50
Career Technical Education	582.96	580.26	585.26	5.00	582.26	2.00
Idaho Public Television	65.48	68.48	70.48	2.00	69.48	1.00
Special Programs	43.13	45.59	49.03	3.44	46.59	1.00
Superintendent of Public Instruction	142.00	142.00	143.00	1.00	142.00	
Vocational Rehabilitation	152.50	154.00	154.00		149.00	(5.00)
Total Education	5,902.87	6,055.87	6,186.07	130.20	6,157.88	102.01
2 Health and Human Services						
Catastrophic Health Care Program						
Health and Welfare, Department of	2,702.38	2,706.71	2,719.11	12.40	2,713.11	6.40
Medicaid, Division of	216.00	216.00	221.00	5.00	219.00	3.00
Public Health Districts						
State Independent Living Council	4.00	4.00	4.00		4.00	
Total Health and Human Services	2,922.38	2,926.71	2,944.11	17.40	2,936.11	9.40
3 Law and Justice						
Correction, Department of	2,024.85	2,039.85	2,097.85	58.00	2,058.85	19.00
Judicial Branch	334.00	353.00	362.00	9.00	362.00	9.00
Juvenile Corrections, Department of	413.00	414.00	417.00	3.00	414.00	
Police, Idaho State	588.85	600.85	617.85	17.00	607.85	7.00
Total Law and Justice	3,360.70	3,407.70	3,494.70	87.00	3,442.70	35.00
4 Natural Resources						
Environmental Quality, Department of	382.00	386.00	389.00	3.00	389.00	3.00
Fish and Game, Department of	565.00	569.00	569.00		569.00	
Land, Board of Commissioners	315.85	324.85	327.82	2.97	326.82	1.97
Parks and Recreation, Department of	170.44	172.44	174.19	1.75	174.19	1.75
Water Resources, Department of	160.00	163.00	163.00		163.00	
Total Natural Resources	1,593.29	1,615.29	1,623.01	7.72	1,622.01	6.72
5 Economic Development						
Agriculture, Department of	232.75	238.75	242.00	3.25	241.75	3.00
Commerce, Department of	43.00	43.00	43.00		43.00	
Finance, Department of	66.00	67.00	67.00		65.00	(2.00)
Industrial Commission	138.25	138.25	140.25	2.00	132.25	(6.00)
Insurance, Department of	76.50	76.50	76.50		71.50	(5.00)
Labor, Department of	700.00	681.58	681.58		681.58	
Public Utilities Commission	52.00	52.00	52.00		49.00	(3.00)
Self-Governing Agencies	773.70	782.70	799.50	16.80	787.00	4.30
Transportation Department, Idaho	1,648.00	1,648.00	1,648.00		1,648.00	
Total Economic Development	3,730.20	3,727.78	3,749.83	22.05	3,719.08	(8.70)
6 General Government						
Administration, Department of	140.00	113.00	125.00	12.00	125.00	12.00
Permanent Building Fund						
Attorney General	208.60	210.60	216.10	5.50	215.10	4.50
State Controller	95.00	95.00	95.00		95.00	
Governor, Office of the	761.55	852.92	895.92	43.00	928.92	76.00
Legislative Branch	73.00	73.00	73.00		73.00	
Lieutenant Governor	3.00	3.00	3.00		3.00	
Revenue and Taxation, Department of	460.00	464.00	478.00	14.00	453.00	(11.00)
Secretary of State	29.00	29.00	31.00	2.00	30.00	1.00
State Treasurer	26.00	26.00	26.00		26.00	
Total General Government	1,796.15	1,866.52	1,943.02	76.50	1,949.02	82.50
Statewide Total:	19,305.59	19,599.87	19,940.74	340.87	19,826.80	226.93

General Fund Request Comparison by Agency

	FY 2019 Approp	FY 2020 Request	Amount Change	Percent Change
1 Education				
Public School Support	1,785,265,900	1,927,558,900	142,293,000	8.0%
Agricultural Research & Extension Service	31,307,100	32,959,600	1,652,500	5.3%
College and Universities	295,763,200	323,768,300	28,005,100	9.5%
Community Colleges	46,126,600	50,313,700	4,187,100	9.1%
Education, Office of the State Board of	6,374,900	6,993,900	619,000	9.7%
Health Education Programs	18,714,500	22,524,800	3,810,300	20.4%
Career Technical Education	66,397,900	71,932,300	5,534,400	8.3%
Idaho Public Television	2,585,300	3,589,900	1,004,600	38.9%
Special Programs	19,242,200	22,274,100	3,031,900	15.8%
Superintendent of Public Instruction	14,909,800	15,163,600	253,800	1.7%
Vocational Rehabilitation	8,648,300	8,692,700	44,400	0.5%
Total Education	2,295,335,700	2,485,771,800	190,436,100	8.3%
2 Health and Human Services				
Catastrophic Health Care Program	9,999,700	20,000,500	10,000,800	100.0%
Health and Welfare, Department of	180,016,700	196,277,200	16,260,500	9.0%
Medicaid, Division of	585,221,400	680,983,900	95,762,500	16.4%
Public Health Districts	9,421,600	9,684,900	263,300	2.8%
State Independent Living Council	223,700	225,600	1,900	0.8%
Total Health and Human Services	784,883,100	907,172,100	122,289,000	15.6%
3 Law and Justice				
Correction, Department of	240,738,600	277,421,600	36,683,000	15.2%
Judicial Branch	47,055,600	50,346,600	3,291,000	7.0%
Juvenile Corrections, Department of	41,771,200	42,735,800	964,600	2.3%
Police, Idaho State	32,772,200	36,122,200	3,350,000	10.2%
Total Law and Justice	362,337,600	406,626,200	44,288,600	12.2%
4 Natural Resources				
Environmental Quality, Department of	20,461,700	22,365,500	1,903,800	9.3%
Fish and Game, Department of				
Land, Board of Commissioners	6,021,400	6,168,400	147,000	2.4%
Parks and Recreation, Department of	4,217,700	5,589,900	1,372,200	32.5%
Water Resources, Department of	19,502,100	19,942,000	439,900	2.3%
Total Natural Resources	50,202,900	54,065,800	3,862,900	7.7%
5 Economic Development				
Agriculture, Department of	14,506,100	14,968,500	462,400	3.2%
Commerce, Department of	5,800,900	5,845,900	45,000	0.8%
Finance, Department of				
Industrial Commission	300,000	300,000	0	0.0%
Insurance, Department of				
Labor, Department of	342,200	345,500	3,300	1.0%
Public Utilities Commission				
Self-Governing Agencies	18,553,600	26,069,800	7,516,200	40.5%
Transportation Department, Idaho				
Total Economic Development	39,502,800	47,529,700	8,026,900	20.3%
6 General Government				
Administration, Department of	6,582,900	6,786,700	203,800	3.1%
Permanent Building Fund				
Attorney General	23,639,800	24,165,300	525,500	2.2%
State Controller	10,951,200	10,970,600	19,400	0.2%
Governor, Office of the	24,180,400	28,769,600	4,589,200	19.0%
Legislative Branch	12,967,200	13,080,300	113,100	0.9%
Lieutenant Governor	177,600	181,000	3,400	1.9%
Revenue and Taxation, Department of	36,763,200	38,092,800	1,329,600	3.6%
Secretary of State	3,770,000	3,853,200	83,200	2.2%
State Treasurer	1,430,400	1,700,200	269,800	18.9%
Total General Government	120,462,700	127,599,700	7,137,000	5.9%
Statewide Total	3,652,724,800	4,028,765,300	376,040,500	10.3%

General Fund Recommendation Comparison by Agency

	FY 2019 Approp	FY 2020 Gov's Rec	Amount Change	Percent Change
1 Education				
Public School Support	1,785,265,900	1,891,364,400	106,098,500	5.9%
Agricultural Research & Extension Service	31,307,100	32,169,500	862,400	2.8%
College and Universities	295,763,200	304,280,700	8,517,500	2.9%
Community Colleges	46,126,600	47,368,200	1,241,600	2.7%
Education, Office of the State Board of	6,374,900	6,847,100	472,200	7.4%
Health Education Programs	18,714,500	21,280,100	2,565,600	13.7%
Career Technical Education	66,397,900	68,172,700	1,774,800	2.7%
Idaho Public Television	2,585,300	2,632,400	47,100	1.8%
Special Programs	19,242,200	26,472,100	7,229,900	37.6%
Superintendent of Public Instruction	14,909,800	15,030,500	120,700	0.8%
Vocational Rehabilitation	8,648,300	8,759,300	111,000	1.3%
Total Education	2,295,335,700	2,424,377,000	129,041,300	5.6%
2 Health and Human Services				
Catastrophic Health Care Program	9,999,700	15,000,500	5,000,800	50.0%
Health and Welfare, Department of	180,016,700	179,166,700	(850,000)	(0.5%)
Medicaid, Division of	585,221,400	684,430,500	99,209,100	17.0%
Public Health Districts	9,421,600	9,709,900	288,300	3.1%
State Independent Living Council	223,700	227,700	4,000	1.8%
Total Health and Human Services	784,883,100	888,535,300	103,652,200	13.2%
3 Law and Justice				
Correction, Department of	240,738,600	249,472,100	8,733,500	3.6%
Judicial Branch	47,055,600	50,887,300	3,831,700	8.1%
Juvenile Corrections, Department of	41,771,200	42,566,600	795,400	1.9%
Police, Idaho State	32,772,200	31,292,000	(1,480,200)	(4.5%)
Total Law and Justice	362,337,600	374,218,000	11,880,400	3.3%
4 Natural Resources				
Environmental Quality, Department of	20,461,700	22,465,400	2,003,700	9.8%
Fish and Game, Department of				
Land, Board of Commissioners	6,021,400	6,298,200	276,800	4.6%
Parks and Recreation, Department of	4,217,700	4,010,700	(207,000)	(4.9%)
Water Resources, Department of	19,502,100	19,586,100	84,000	0.4%
Total Natural Resources	50,202,900	52,360,400	2,157,500	4.3%
5 Economic Development				
Agriculture, Department of	14,506,100	14,738,700	232,600	1.6%
Commerce, Department of	5,800,900	5,883,200	82,300	1.4%
Finance, Department of				
Industrial Commission	300,000	300,000	0	0.0%
Insurance, Department of				
Labor, Department of	342,200	347,100	4,900	1.4%
Public Utilities Commission				
Self-Governing Agencies	18,553,600	13,762,100	(4,791,500)	(25.8%)
Transportation Department, Idaho				
Total Economic Development	39,502,800	35,031,100	(4,471,700)	(11.3%)
6 General Government				
Administration, Department of	6,582,900	6,789,800	206,900	3.1%
Permanent Building Fund				
Attorney General	23,639,800	24,177,900	538,100	2.3%
State Controller	10,951,200	11,005,300	54,100	0.5%
Governor, Office of the	24,180,400	24,796,100	615,700	2.5%
Legislative Branch	12,967,200	13,146,300	179,100	1.4%
Lieutenant Governor	177,600	182,600	5,000	2.8%
Revenue and Taxation, Department of	36,763,200	37,561,900	798,700	2.2%
Secretary of State	3,770,000	3,662,400	(107,600)	(2.9%)
State Treasurer	1,430,400	1,459,100	28,700	2.0%
Total General Government	120,462,700	122,781,400	2,318,700	1.9%
Statewide Total	3,652,724,800	3,897,303,200	244,578,400	6.7%

All Funds Request Comparison by Agency

	FY 2019 Approp	FY 2020 Request	Amount Change	Percent Change
1 Education				
Public School Support	2,140,615,100	2,293,774,700	153,159,600	7.2%
Agricultural Research & Extension Service	31,331,100	32,983,600	1,652,500	5.3%
College and Universities	576,786,400	618,868,300	42,081,900	7.3%
Community Colleges	46,926,600	51,168,700	4,242,100	9.0%
Education, Office of the State Board of	15,961,200	16,585,700	624,500	3.9%
Health Education Programs	19,035,500	22,850,800	3,815,300	20.0%
Career Technical Education	75,963,200	82,224,700	6,261,500	8.2%
Idaho Public Television	9,448,600	9,806,200	357,600	3.8%
Special Programs	23,366,800	27,798,700	4,431,900	19.0%
Superintendent of Public Instruction	39,663,000	40,059,000	396,000	1.0%
Vocational Rehabilitation	28,306,100	28,499,500	193,400	0.7%
Total Education	3,007,403,600	3,224,619,900	217,216,300	7.2%
2 Health and Human Services				
Catastrophic Health Care Program	9,999,700	20,000,500	10,000,800	100.0%
Health and Welfare, Department of	603,829,500	601,608,300	(2,221,200)	(0.4%)
Medicaid, Division of	2,449,450,500	2,620,263,700	170,813,200	7.0%
Public Health Districts	10,171,600	10,455,100	283,500	2.8%
State Independent Living Council	697,800	704,200	6,400	0.9%
Total Health and Human Services	3,074,149,100	3,253,031,800	178,882,700	5.8%
3 Law and Justice				
Correction, Department of	275,655,900	304,728,200	29,072,300	10.5%
Judicial Branch	73,741,900	73,780,000	38,100	0.1%
Juvenile Corrections, Department of	52,104,200	53,179,500	1,075,300	2.1%
Police, Idaho State	84,142,600	88,146,400	4,003,800	4.8%
Total Law and Justice	485,644,600	519,834,100	34,189,500	7.0%
4 Natural Resources				
Environmental Quality, Department of	66,960,100	67,863,100	903,000	1.3%
Fish and Game, Department of	112,704,300	126,680,800	13,976,500	12.4%
Land, Board of Commissioners	60,085,500	61,302,900	1,217,400	2.0%
Parks and Recreation, Department of	45,529,900	46,882,500	1,352,600	3.0%
Water Resources, Department of	26,461,800	26,922,500	460,700	1.7%
Total Natural Resources	311,741,600	329,651,800	17,910,200	5.7%
5 Economic Development				
Agriculture, Department of	48,139,700	48,492,500	352,800	0.7%
Commerce, Department of	42,314,000	42,335,500	21,500	0.1%
Finance, Department of	8,648,100	9,140,800	492,700	5.7%
Industrial Commission	17,481,100	18,243,700	762,600	4.4%
Insurance, Department of	10,209,400	9,928,300	(281,100)	(2.8%)
Labor, Department of	88,276,300	88,754,200	477,900	0.5%
Public Utilities Commission	6,682,600	6,740,800	58,200	0.9%
Self-Governing Agencies	92,598,400	144,909,500	52,311,100	56.5%
Transportation Department, Idaho	700,814,600	725,883,400	25,068,800	3.6%
Total Economic Development	1,015,164,200	1,094,428,700	79,264,500	7.8%
6 General Government				
Administration, Department of	37,917,200	47,031,300	9,114,100	24.0%
Permanent Building Fund	77,772,000	48,773,700	(28,998,300)	(37.3%)
Attorney General	25,318,600	26,242,000	923,400	3.6%
State Controller	18,817,700	18,890,400	72,700	0.4%
Governor, Office of the	201,124,800	185,466,100	(15,658,700)	(7.8%)
Legislative Branch	15,716,200	15,702,500	(13,700)	(0.1%)
Lieutenant Governor	177,600	181,000	3,400	1.9%
Revenue and Taxation, Department of	44,358,800	46,053,000	1,694,200	3.8%
Secretary of State	4,970,000	3,853,200	(1,116,800)	(22.5%)
State Treasurer	4,238,300	12,048,800	7,810,500	184.3%
Total General Government	430,411,200	404,242,000	(26,169,200)	(6.1%)
Statewide Total	8,324,514,300	8,825,808,300	501,294,000	6.0%

All Funds Recommendation Comparison by Agency

	FY 2019 Approp	FY 2020 Gov's Rec	Amount Change	Percent Change
1 Education				
Public School Support	2,140,615,100	2,257,608,700	116,993,600	5.5%
Agricultural Research & Extension Service	31,331,100	32,193,500	862,400	2.8%
College and Universities	576,786,400	601,252,600	24,466,200	4.2%
Community Colleges	46,926,600	48,223,200	1,296,600	2.8%
Education, Office of the State Board of	15,961,200	16,490,300	529,100	3.3%
Health Education Programs	19,035,500	21,608,200	2,572,700	13.5%
Career Technical Education	75,963,200	78,475,100	2,511,900	3.3%
Idaho Public Television	9,448,600	9,565,500	116,900	1.2%
Special Programs	23,366,800	31,997,000	8,630,200	36.9%
Superintendent of Public Instruction	39,663,000	40,021,800	358,800	0.9%
Vocational Rehabilitation	28,306,100	28,568,600	262,500	0.9%
Total Education	3,007,403,600	3,166,004,500	158,600,900	5.3%
2 Health and Human Services				
Catastrophic Health Care Program	9,999,700	15,000,500	5,000,800	50.0%
Health and Welfare, Department of	603,829,500	591,031,700	(12,797,800)	(2.1%)
Medicaid, Division of	2,449,450,500	2,803,258,900	353,808,400	14.4%
Public Health Districts	10,171,600	10,483,500	311,900	3.1%
State Independent Living Council	697,800	712,200	14,400	2.1%
Total Health and Human Services	3,074,149,100	3,420,486,800	346,337,700	11.3%
3 Law and Justice				
Correction, Department of	275,655,900	282,041,700	6,385,800	2.3%
Judicial Branch	73,741,900	74,429,000	687,100	0.9%
Juvenile Corrections, Department of	52,104,200	53,050,800	946,600	1.8%
Police, Idaho State	84,142,600	84,998,700	856,100	1.0%
Total Law and Justice	485,644,600	494,520,200	8,875,600	1.8%
4 Natural Resources				
Environmental Quality, Department of	66,960,100	68,064,100	1,104,000	1.6%
Fish and Game, Department of	112,704,300	127,073,100	14,368,800	12.7%
Land, Board of Commissioners	60,085,500	60,697,600	612,100	1.0%
Parks and Recreation, Department of	45,529,900	45,303,900	(226,000)	(0.5%)
Water Resources, Department of	26,461,800	26,921,700	459,900	1.7%
Total Natural Resources	311,741,600	328,060,400	16,318,800	5.2%
5 Economic Development				
Agriculture, Department of	48,139,700	48,399,600	259,900	0.5%
Commerce, Department of	42,314,000	42,406,400	92,400	0.2%
Finance, Department of	8,648,100	9,207,000	558,900	6.5%
Industrial Commission	17,481,100	18,007,900	526,800	3.0%
Insurance, Department of	10,209,400	9,728,700	(480,700)	(4.7%)
Labor, Department of	88,276,300	93,540,000	5,263,700	6.0%
Public Utilities Commission	6,682,600	6,602,500	(80,100)	(1.2%)
Self-Governing Agencies	92,598,400	143,536,000	50,937,600	55.0%
Transportation Department, Idaho	700,814,600	726,899,700	26,085,100	3.7%
Total Economic Development	1,015,164,200	1,098,327,800	83,163,600	8.2%
6 General Government				
Administration, Department of	37,917,200	46,734,200	8,817,000	23.3%
Permanent Building Fund	77,772,000	70,370,500	(7,401,500)	(9.5%)
Attorney General	25,318,600	26,348,200	1,029,600	4.1%
State Controller	18,817,700	18,986,600	168,900	0.9%
Governor, Office of the	201,124,800	185,523,000	(15,601,800)	(7.8%)
Legislative Branch	15,716,200	15,791,400	75,200	0.5%
Lieutenant Governor	177,600	183,800	6,200	3.5%
Revenue and Taxation, Department of	44,358,800	45,458,400	1,099,600	2.5%
Secretary of State	4,970,000	3,665,200	(1,304,800)	(26.3%)
State Treasurer	4,238,300	4,318,900	80,600	1.9%
Total General Government	430,411,200	417,380,200	(13,031,000)	(3.0%)
Statewide Total	8,324,514,300	8,924,779,900	600,265,600	7.2%

General Fund Three-Year Summary by Agency

	FY 2018 Total Approp	FY 2018 Actual	FY 2019 Approp	FY 2020 Request	FY 2020 Gov's Rec
1 Education					
Public School Support	1,685,262,200	1,685,262,200	1,785,265,900	1,927,558,900	1,891,364,400
Agricultural Research & Extension Service	31,263,300	31,263,300	31,307,100	32,959,600	32,169,500
College and Universities	287,053,200	287,025,600	295,763,200	323,768,300	304,280,700
Community Colleges	39,400,900	39,400,900	46,126,600	50,313,700	47,368,200
Education, Office of the State Board of	5,584,900	5,109,300	6,374,900	6,993,900	6,847,100
Health Education Programs	15,594,200	15,502,600	18,714,500	22,524,800	21,280,100
Career Technical Education	65,372,000	65,284,800	66,397,900	71,932,300	68,172,700
Idaho Public Television	3,327,200	3,327,000	2,585,300	3,589,900	2,632,400
Special Programs	15,562,200	15,557,400	19,242,200	22,274,100	26,472,100
Superintendent of Public Instruction	14,189,200	13,305,800	14,909,800	15,163,600	15,030,500
Vocational Rehabilitation	8,589,000	8,093,300	8,648,300	8,692,700	8,759,300
Total Education	2,171,198,300	2,169,132,200	2,295,335,700	2,485,771,800	2,424,377,000
2 Health and Human Services					
Catastrophic Health Care Program	17,999,500	17,999,500	9,999,700	20,000,500	15,000,500
Health and Welfare, Department of	177,522,500	171,639,700	180,016,700	196,277,200	179,166,700
Medicaid, Division of	548,992,600	548,824,900	585,221,400	680,983,900	684,430,500
Public Health Districts	9,341,700	9,341,700	9,421,600	9,684,900	9,709,900
State Independent Living Council	214,700	214,700	223,700	225,600	227,700
Total Health and Human Services	754,071,000	748,020,500	784,883,100	907,172,100	888,535,300
3 Law and Justice					
Correction, Department of	226,356,300	225,021,200	240,738,600	277,421,600	249,472,100
Judicial Branch	49,400,200	49,333,000	47,055,600	50,346,600	50,887,300
Juvenile Corrections, Department of	41,715,600	40,069,100	41,771,200	42,735,800	42,566,600
Police, Idaho State	29,498,800	29,498,400	32,772,200	36,122,200	31,292,000
Total Law and Justice	346,970,900	343,921,700	362,337,600	406,626,200	374,218,000
4 Natural Resources					
Environmental Quality, Department of	19,621,100	19,621,100	20,461,700	22,365,500	22,465,400
Fish and Game, Department of					
Land, Board of Commissioners	6,070,100	5,938,600	6,021,400	6,168,400	6,298,200
Parks and Recreation, Department of	3,927,900	3,774,900	4,217,700	5,589,900	4,010,700
Water Resources, Department of	19,300,500	19,318,600	19,502,100	19,942,000	19,586,100
Total Natural Resources	48,919,600	48,653,200	50,202,900	54,065,800	52,360,400
5 Economic Development					
Agriculture, Department of	14,634,200	12,982,100	14,506,100	14,968,500	14,738,700
Commerce, Department of	5,837,300	5,813,800	5,800,900	5,845,900	5,883,200
Finance, Department of					
Industrial Commission			300,000	300,000	300,000
Insurance, Department of					
Labor, Department of	341,200	337,700	342,200	345,500	347,100
Public Utilities Commission					
Self-Governing Agencies	19,234,600	17,055,700	18,553,600	26,069,800	13,762,100
Transportation Department, Idaho					
Total Economic Development	40,047,300	36,189,300	39,502,800	47,529,700	35,031,100
6 General Government					
Administration, Department of	7,677,400	7,242,400	6,582,900	6,786,700	6,789,800
Permanent Building Fund					
Attorney General	23,135,800	22,915,600	23,639,800	24,165,300	24,177,900
State Controller	8,346,000	8,119,200	10,951,200	10,970,600	11,005,300
Governor, Office of the	24,005,500	23,495,500	24,180,400	28,769,600	24,796,100
Legislative Branch	13,490,300	12,878,600	12,967,200	13,080,300	13,146,300
Lieutenant Governor	172,900	169,100	177,600	181,000	182,600
Revenue and Taxation, Department of	38,405,000	36,398,500	36,763,200	38,092,800	37,561,900
Secretary of State	4,947,300	4,928,200	3,770,000	3,853,200	3,662,400
State Treasurer	1,413,600	1,329,500	1,430,400	1,700,200	1,459,100
Total General Government	121,593,800	117,476,600	120,462,700	127,599,700	122,781,400
Statewide Total	3,482,800,900	3,463,393,500	3,652,724,800	4,028,765,300	3,897,303,200

All Funds Three-Year Summary by Agency

	FY 2018 Total Approp	FY 2018 Actual	FY 2019 Approp	FY 2020 Request	FY 2020 Gov's Rec
1 Education					
Public School Support	2,041,238,400	2,007,623,300	2,140,615,100	2,293,774,700	2,257,608,700
Agricultural Research & Extension Service	31,287,300	31,263,300	31,331,100	32,983,600	32,193,500
College and Universities	729,702,300	568,291,800	576,786,400	618,868,300	601,252,600
Community Colleges	40,000,900	40,000,900	46,926,600	51,168,700	48,223,200
Education, Office of the State Board of	18,262,400	10,860,700	15,961,200	16,585,700	16,490,300
Health Education Programs	16,654,200	16,014,700	19,035,500	22,850,800	21,608,200
Career Technical Education	80,673,500	74,799,700	75,963,200	82,224,700	78,475,100
Idaho Public Television	9,633,100	8,865,100	9,448,600	9,806,200	9,565,500
Special Programs	19,686,600	17,224,200	23,366,800	27,798,700	31,997,000
Superintendent of Public Instruction	38,818,000	30,005,000	39,663,000	40,059,000	40,021,800
Vocational Rehabilitation	28,175,900	25,150,100	28,306,100	28,499,500	28,568,600
Total Education	3,054,132,600	2,830,098,800	3,007,403,600	3,224,619,900	3,166,004,500
2 Health and Human Services					
Catastrophic Health Care Program	17,999,500	17,999,500	9,999,700	20,000,500	15,000,500
Health and Welfare, Department of	577,329,300	528,796,600	603,829,500	601,608,300	591,031,700
Medicaid, Division of	2,343,605,500	2,316,908,000	2,449,450,500	2,620,263,700	2,803,258,900
Public Health Districts	10,091,700	10,084,300	10,171,600	10,455,100	10,483,500
State Independent Living Council	741,100	430,200	697,800	704,200	712,200
Total Health and Human Services	2,949,767,100	2,874,218,600	3,074,149,100	3,253,031,800	3,420,486,800
3 Law and Justice					
Correction, Department of	253,371,000	249,133,100	275,655,900	304,728,200	282,041,700
Judicial Branch	72,364,100	66,561,600	73,741,900	73,780,000	74,429,000
Juvenile Corrections, Department of	52,776,400	48,995,400	52,104,200	53,179,500	53,050,800
Police, Idaho State	79,115,600	74,181,800	84,142,600	88,146,400	84,998,700
Total Law and Justice	457,627,100	438,871,900	485,644,600	519,834,100	494,520,200
4 Natural Resources					
Environmental Quality, Department of	67,899,900	50,981,700	66,960,100	67,863,100	68,064,100
Fish and Game, Department of	108,085,100	101,682,800	112,704,300	126,680,800	127,073,100
Land, Board of Commissioners	55,487,700	47,837,700	60,085,500	61,302,900	60,697,600
Parks and Recreation, Department of	54,312,000	38,288,300	45,529,900	46,882,500	45,303,900
Water Resources, Department of	26,611,800	24,281,200	26,461,800	26,922,500	26,921,700
Total Natural Resources	312,396,500	263,071,700	311,741,600	329,651,800	328,060,400
5 Economic Development					
Agriculture, Department of	48,300,400	36,486,200	48,139,700	48,492,500	48,399,600
Commerce, Department of	38,886,400	25,998,100	42,314,000	42,335,500	42,406,400
Finance, Department of	8,355,300	7,958,300	8,648,100	9,140,800	9,207,000
Industrial Commission	17,253,000	15,467,300	17,481,100	18,243,700	18,007,900
Insurance, Department of	9,690,600	7,483,400	10,209,400	9,928,300	9,728,700
Labor, Department of	97,785,700	60,851,300	88,276,300	88,754,200	93,540,000
Public Utilities Commission	6,572,800	6,259,100	6,682,600	6,740,800	6,602,500
Self-Governing Agencies	110,033,200	89,432,600	92,598,400	144,909,500	143,536,000
Transportation Department, Idaho	1,074,566,200	694,970,000	700,814,600	725,883,400	726,899,700
Total Economic Development	1,411,443,600	944,906,300	1,015,164,200	1,094,428,700	1,098,327,800
6 General Government					
Administration, Department of	42,709,800	34,860,700	37,917,200	47,031,300	46,734,200
Permanent Building Fund	118,671,000	31,414,400	77,772,000	48,773,700	70,370,500
Attorney General	24,714,400	24,135,900	25,318,600	26,242,000	26,348,200
State Controller	19,300,200	16,032,400	18,817,700	18,890,400	18,986,600
Governor, Office of the	173,220,100	186,497,100	201,124,800	185,466,100	185,523,000
Legislative Branch	17,078,300	14,381,100	15,716,200	15,702,500	15,791,400
Lieutenant Governor	172,900	169,100	177,600	181,000	183,800
Revenue and Taxation, Department of	45,987,900	43,733,900	44,358,800	46,053,000	45,458,400
Secretary of State	4,947,300	4,928,200	4,970,000	3,853,200	3,665,200
State Treasurer	6,966,800	6,463,400	4,238,300	12,048,800	4,318,900
Total General Government	453,768,700	362,616,200	430,411,200	404,242,000	417,380,200
Statewide Total	8,639,135,600	7,713,783,500	8,324,514,300	8,825,808,300	8,924,779,900

Change in Employee Compensation (CEC) FY 2016 to FY 2020

Section 67-5309C, Idaho Code, requires the Division of Human Resources (DHR) to conduct salary and benefit surveys within relevant labor markets and submit a recommendation of proposed changes and their estimated costs to the Governor. The Governor then must submit his own recommendations to the Legislature. The Legislature may accept, modify, or reject his recommendations. Failure by the Legislature to act shall constitute approval of the Governor's recommendations.

FY 2020

The Governor recommends a 3% CEC to be distributed based on merit. The Governor also recommends \$11,020 per eligible FTP for health insurance, which is a decrease of \$630, or 5.4%, from the previous year. If funded at that level, the year-end reserve fund balance is projected to be drawn down to the minimum amount allowed by the state's contract with Blue Cross of Idaho, which is calculated as 10% of the expected premium costs annually (or approximately \$30.9 million). The actuarially recommended year-end reserve balance is \$50.4 million, which is calculated at a 90% confidence level. The Division of Human Resources recommends a 3% salary increase for state employees in its statutorily required report on employee compensation and benefits, as well. DHR also recommends, and the Governor concurs, that the salary structure be shifted upwards by 2% at the minimum, the policy, and the maximum pay rates in each pay grade. Employer-paid benefit changes include a 5.5% increase for PERSI's regular retirement rates, due to the Board's decision to increase contribution rates from 11.32% to 11.94%. The employee-paid rates are also increasing 5.5%, from 6.79% to 7.14%.

FY 2019

The DHR recommended a 3% salary increase for state employees in its statutorily-required report to the Governor on state employee compensation and benefits. The Governor recommended a 3% increase in funding, distributed based on merit, for permanent state employees. He also recommended that the pay schedule be shifted upwards by 3% at the minimum, the policy, and the maximum pay rates in each pay grade. The Legislature funded those recommendations. For benefit costs, the Legislature removed \$1,450 per eligible FTP to bring the annual employer contribution for health insurance down to \$11,650 by including a two-month employee and employer premium holiday. The health insurance premium costs will also increase for state employees; the exact amount per employee depends on which plan the employee is enrolled in and whether or not there are dependents on their plan. With the exception of the Attorney General, the constitutional officers' received an annualization of \$1,000 for the pay increase authorized by the Legislature in Chapter 356, Laws of 2014 to fund their increase from July 1, 2018, through December 31, 2018. The Attorney General's pay will match state district judges' pay at the beginning of his term of office. Judicial salaries increased, as well, at varying amounts. Appointed officials in the Public Utilities Commission, the Tax Commission, and the Industrial Commission all received a 3% CEC. PERSI retirement contribution rates will remain at 11.32% for employers and 6.79% for employees.

FY 2018

The DHR recommended a 3% salary increase for state employees in its statutorily required report to the Governor on state employee compensation and benefits. The Governor recommended a 3% increase in funding distributed on merit for permanent state employees and did not include a compensation increase for group and temporary positions. He also recommended that the pay schedule be shifted upwards by 3% at the minimum, policy, and maximum pay rates in each pay grade. The Governor's recommendation provided funding for a 7% increase for the cost of health insurance, for a total employer-paid premium of \$13,100 per eligible FTP. The Legislature's joint Change in Employee Compensation (CEC) Committee recommended the compensation and health insurance increases, as well, and the Legislature funded those recommendations. The health insurance premium costs also increased for state employees; the exact amount per employee depended on which plan the employee was enrolled in and whether or not there were dependents on the plan. With the exception of the Attorney General, statewide-elected officials received a 1.5% pay increase in January 2018, as authorized during the 2014 session. The Attorney General's pay was adjusted to match state district judges' and judicial salaries increased, as well, at varying amounts.

FY 2017

The Legislature's Joint CEC Committee recommended a 3% ongoing merit-based increase, to be distributed at the discretion of each agency director. JFAC funded the recommendations. In addition, JFAC funded targeted pay increases at approximately 20 agencies where compensation issues were the greatest. The Legislature authorized and funded a 3% increase in the annual salary for appointed officials, as well. The salary for each of the three public utilities commissioners, four tax commissioners, and three industrial commissioners was statutorily increased by 3%. Employer health insurance premiums increased by \$1,240 per employee (a 9.3% increase over FY 2016). The increase was paid by the employer only, employee-paid premium costs remained unchanged. PERSI retirement contribution rates remained at 11.32% for employers and 6.79% for employees.

FY 2016

The CEC Committee recommended an ongoing merit-based 3% salary increase for permanent state employees, that was to be distributed at the discretion of each agency head. The committee also directed DHR to change the minimum amounts on the classified pay schedule from 68% of policy to 70% of policy. JFAC funded the recommendations. The Legislature authorized and funded a 3% increase in the annual salary for appointed officials, as well.

Change in Employee Compensation (CEC) Twenty-Year Historical Comparison

Fiscal Year	Orig Gen Fund	% Change	DHR Rec*	Agency CEC	Judges CEC	CPI %
1999	\$ 1,610,815,500	11.9%	7.7%	5.0%	5.0%	2.0%
2000	\$ 1,674,713,100	4.0%	14.0%	3.0%	4.0%	3.7%
2001	\$ 1,804,038,100	7.7%	0.0%	3.5%	3.5%	3.3%
2002	\$ 2,044,295,100	13.3%	0.0%	4.5%	4.5%	1.1%
2003	\$ 1,967,895,400	-3.7%	0.0%	0.0%	0.0%	2.1%
2004	\$ 2,004,053,000	1.8%	1.0%	0.0%	0.0%	3.3%
2005	\$ 2,082,138,300	3.9%	6.8%	3.0%	2.0%	2.5%
2006	\$ 2,180,928,300	4.7%	6.7%	1.0%	1.0%	4.3%
2007	\$ 2,593,723,500	18.9%	5.8%	3.0%	6.0%	2.7%
2008	\$ 2,820,674,400	8.8%	5.8%	5.0%	5.0%	5.0%
2009	\$ 2,959,283,400	4.9%	5.0%	3.0%	3.0%	-1.4%
2010	\$ 2,506,580,100	-15.3%	5.0%	-5.0%	0.0%	1.1%
2011	\$ 2,383,836,000	-4.9%	3.0%	0.0%	0.0%	3.6%
2012	\$ 2,528,960,600	6.1%	3.0%	0.0%	0.0%	1.7%
2013	\$ 2,702,105,700	6.8%	3.0%	2.0%	2.0%	1.8%
2014	\$ 2,781,023,800	2.9%	0.0%	0.0%	0.0%	2.1%
2015	\$ 2,936,096,600	5.6%	2.0%	2.0%	10.7%	0.1%
2016	\$ 3,071,860,500	4.6%	3.0%	3.0%	3.7%	1.0%
2017	\$ 3,272,991,000	6.5%	3.0%	3.0%	3.7%	1.6%
2018	\$ 3,450,575,300	5.4%	3.0%	3.0%	3.9%	2.9%
2019	\$ 3,652,724,800	5.9%	3.0%	3.0%	3.0%	NA
Average Change***		4.40%	3.66%	1.85%	2.80%	2.23%

* CEC rec. from the Personnel Commission (prior to FY 2001) or Div. of Human Resources (\$67-5309C, Idaho Code).

Calendar Year	Statewide Elected Officials	Attorney General	Lt Gov	Governor	Legislator Salary	Legislator % Change**
1999	11.1%	10.0%	8.8%	8.8%	\$ 14,760	
2000	3.3%	3.0%	3.0%	3.2%	\$ 14,760	0.0%
2001	3.2%	4.1%	2.9%	3.1%	\$ 15,646	
2002	0.0%	0.0%	0.0%	0.0%	\$ 15,646	6.0%
2003	0.0%	0.0%	0.0%	0.0%	\$ 15,646	
2004	0.0%	0.0%	0.0%	0.0%	\$ 15,646	0.0%
2005	0.0%	0.0%	0.0%	0.0%	\$ 15,646	
2006	3.1%	3.3%	2.8%	3.0%	\$ 15,646	0.0%
2007	4.0%	4.0%	4.0%	4.0%	\$ 16,116	
2008	3.0%	3.0%	3.0%	3.0%	\$ 16,116	3.0%
2009	2.9%	2.9%	2.9%	2.9%	\$ 16,116	
2010	3.0%	3.0%	3.0%	3.0%	\$ 16,116	0.0%
2011	-3.9%	-3.9%	-4.0%	-4.0%	\$ 16,116	
2012	4.1%	4.1%	4.1%	4.1%	\$ 16,116	0.0%
2013	6.1%	1.3%	15.5%	1.4%	\$ 16,438	
2014	1.7%	1.7%	1.7%	1.7%	\$ 16,438	2.0%
2015	1.5%	15.8%	18.4%	1.5%	\$ 16,684	
2016	1.5%	0.0%	1.5%	1.5%	\$ 16,684	1.5%
2017	1.5%	0.0%	1.5%	1.5%	\$ 17,017	2.0%
2018	1.5%	0.0%	1.5%	1.5%	\$ 17,358	2.0%
2019	1.5%	2.8%	1.5%	1.5%	\$ 17,879	3.0%
Average Change***	1.90%	2.25%	3.16%	1.65%		1.77%

**Legislators pay changes effective December 1, 2016 for two years (one term).

***Average annual change (Elected Officials' increase authorized by the 2018 Legislature in Session Laws, Chapter 269).

Employer Contributions to Employee Benefit Costs, Including Health Insurance and Variable Benefits

Employer-Paid Health Insurance per Eligible Employee			
	FY 2019 Appropriation	FY 2020 Gov's Rec and OGI Actuarial Estimate	FY 2021 Projection
Health Insurance (medical, dental)	\$12,328	\$13,770	\$14,600
Retiree Subsidy	\$139	\$129	\$121
Health Insurance Continuation Premium	\$55	\$59	\$63
Administrative Costs	\$42	\$43	\$44
Proposed Use of "Sweep" Funding	(\$809)	(\$860)	(\$978)
Proposed Use of Reserve Funding	(\$105)	(\$2,121)	\$0
Annual Appropriation	\$11,650	\$11,020	\$13,850
New General Fund Approp	\$0	(\$6,267,200)	\$26,613,300
Total General Fund in the Base	\$108,170,300	\$101,903,100	\$128,516,400

FY 2020 Variable Benefits as a % of Gross Salary:

FICA - Social Security	6.20%
FICA - Medicare	1.45%
Unemployment Insurance	0.13%
Life Insurance	0.72%
Regular Retirement Rate (higher rates for police/fireman)	11.94%
Unused Sick Leave Benefit	0.65%
DHR Fee (agencies with classified employees; Gov's Rec is 0.275%)	0.55%
Average Workers' Compensation Rate (rates vary by agency)	0.96%
Total Variable Benefits	22.60%

FY 2020 Examples for Hourly Rates of \$15/hour, \$21/hour, and \$30/hour

Hourly rate	\$15	\$21	\$30
Annual Salary (hourly rate x 2080 hours)	\$31,200	\$43,680	\$62,400
Health Insurance (Budget Request)	\$11,650	\$11,650	\$11,650
Variable Benefits (22.6% x Salary)	\$7,052	\$9,872	\$14,103
Benefit Costs for the Employer	\$18,702	\$21,522	\$25,753
Proportion of Benefit Costs to Salary	60%	49%	41%

Other Employer-Provided Benefits for State Employees

1. **Paid Holiday:** Ten days per year: §67-5302(13) and §59-1607(1), Idaho Code.
2. **Sick Leave:** 96 hours per 2,080 hours (approx. 12 days/year): §67-5333 and §59-1605, Idaho Code.
3. **Vacation:** Based on length of service (approx. 12 days/year for first five years, 15 days/year for next five years, 18 days/year for next five years, and 21 days/year thereafter): §67-5334 and §59-1606, Idaho Code.
4. **Life Insurance Basic Plan:** Employer-provided with no cost to the employee. Optional additional life insurance can be purchased by the employee.
5. **Short & Long Term Disability Program:** Employer-provided with no cost to the employee.
6. **PERSI Defined Benefit Retirement Plan:** Mandatory contributions by the employer and employee.

Employee Contributions to Their Own Benefit Costs

Employee-Paid Health Insurance Premiums

FY 2018: Employee-paid premiums increased \$84 to \$348 per year, depending on plan type and number of enrolled dependents.

FY 2019: Employee-paid premiums increased \$48 to \$264 per year, depending on plan type and number of enrolled dependents.

FY 2020 (Gov's Rec / OGI Projection): Employee-paid premiums are projected to increase \$60 to \$300 per year (equal to the FY 2019 trend rate of 2.76%), depending on plan type and number of enrolled dependents.

FY 2020 Gov's Rec / OGI Projection for Annual Plan Premiums for a Full-Time Employee (working 30 - 40 hours/week)

Plan Type	Employee	Employee & Spouse	Employee & Child	Employee & Children	Employee, Spouse & Child	Employee, Spouse & Children
PPO	\$732	\$1,836	\$1,260	\$1,704	\$2,292	\$2,640
Traditional	\$900	\$2,220	\$1,560	\$2,052	\$2,772	\$3,108
High Deductible	\$588	\$1,548	\$1,032	\$1,404	\$1,932	\$2,160

FY 2020 Variable Benefits as a % of Gross Salary:

FICA - Social Security	6.20% (to \$128,400)
FICA - Medicare	1.45%
Regular Retirement Rate (other rates for police/fire)	7.16%
Total Variable Benefits	14.81%

FY 2020 Examples for Hourly Rates of \$15/hour, \$21/hour, and \$30/hour

	Hourly rate	\$15	\$21	\$30
Annual Salary (hourly rate x 2080 hours)		\$31,200	\$43,680	\$62,400
Health & Dental Insurance (Average Cost per Employee)		\$2,054	\$2,054	\$2,054
Variable Benefits (14.81% x Salary)		\$4,621	\$6,469	\$9,241
Benefit Costs for the Employee		\$6,675	\$8,523	\$11,296
Proportion of Benefit Costs to Salary		21%	20%	18%

Optional Employee-Paid Benefits

1. **Flexible Spending Account:** Employees can elect to set aside pre-tax dollars to pay for qualified out-of-pocket health and dependent care expenses.

2. **PERSI Choice Plan:** As part of the gain sharing program, whereby excess investment gains from the PERSI defined benefit fund are distributed to employees, employers, and retirees, the Choice Plan is an optional defined contribution 401(k) plan. The Choice Plan is in addition to, and separate from, the mandatory defined benefit retirement plan. No employer contribution: §59-1308, Idaho Code.

3. **Deferred Compensation 457 Plan:** Pre-tax savings plan, administered by Nationwide Retirement Services: §59-513, Idaho Code.

Twenty-Two Year History of General Fund

Original Appropriations: FY 1998 to FY 2019

Millions of Dollars

Fiscal Year	Public Schools	College & Universities	All Other Education	Total Education	Health & Welfare	Adult & Juv Corrections	All Other Agencies	Total Gen Fund
2019	\$1,785.3	\$295.8	\$214.3	\$2,295.3	\$765.2	\$282.5	\$309.6	\$3,652.7
2018	\$1,685.3	\$287.1	\$198.9	\$2,171.2	\$706.1	\$262.1	\$311.1	\$3,450.6
2017	\$1,584.7	\$279.5	\$187.5	\$2,051.7	\$677.1	\$256.2	\$288.0	\$3,273.0
2016	\$1,475.8	\$258.8	\$169.7	\$1,904.3	\$649.5	\$247.4	\$270.7	\$3,071.9
2015	\$1,374.6	\$251.2	\$153.7	\$1,779.5	\$637.3	\$243.3	\$276.0	\$2,936.1
2014	\$1,308.4	\$236.5	\$143.0	\$1,687.9	\$616.8	\$218.3	\$258.0	\$2,781.0
2013	\$1,279.8	\$228.0	\$138.0	\$1,645.7	\$610.2	\$205.5	\$240.7	\$2,702.1
2012	\$1,223.6	\$209.8	\$128.3	\$1,561.7	\$564.8	\$193.1	\$209.3	\$2,529.0
2011	\$1,214.3	\$217.5	\$129.9	\$1,561.7	\$436.3	\$180.7	\$205.1	\$2,383.8
2010*	\$1,231.4	\$253.3	\$141.2	\$1,625.8	\$462.3	\$186.8	\$231.7	\$2,506.6
2009	\$1,418.5	\$285.2	\$175.1	\$1,878.8	\$587.3	\$215.9	\$277.3	\$2,959.3
2008	\$1,367.4	\$264.2	\$166.2	\$1,797.7	\$544.8	\$201.2	\$276.9	\$2,820.7
2007*	\$1,291.6	\$243.7	\$148.4	\$1,683.7	\$502.4	\$178.0	\$229.7	\$2,593.7
2006	\$987.1	\$228.9	\$141.8	\$1,357.9	\$457.7	\$152.2	\$213.2	\$2,180.9
2005	\$964.7	\$223.4	\$138.3	\$1,326.3	\$407.6	\$142.8	\$205.5	\$2,082.1
2004	\$943.0	\$218.0	\$131.3	\$1,292.3	\$375.8	\$140.6	\$195.3	\$2,004.1
2003	\$920.0	\$213.6	\$130.4	\$1,264.0	\$359.6	\$145.0	\$199.3	\$1,967.9
2002	\$933.0	\$236.4	\$142.1	\$1,311.5	\$358.0	\$147.3	\$227.5	\$2,044.3
2001*	\$873.5	\$215.0	\$121.1	\$1,209.5	\$282.1	\$123.2	\$189.2	\$1,804.0
2000	\$821.1	\$202.0	\$110.4	\$1,133.4	\$270.7	\$108.5	\$162.1	\$1,674.7
1999	\$796.4	\$192.9	\$103.5	\$1,092.8	\$252.7	\$106.4	\$159.0	\$1,610.8
1998	\$705.0	\$178.6	\$94.4	\$978.0	\$236.6	\$90.3	\$134.0	\$1,438.9

Percentage of Total

Fiscal Year	Public Schools	College & Universities	All Other Education	Total Education	Health & Welfare	Adult & Juv Corrections	All Other Agencies	Total
2019	48.9%	8.1%	5.9%	62.8%	20.9%	7.7%	8.5%	100%
2018	48.8%	8.3%	5.8%	62.9%	20.5%	7.6%	9.0%	100%
2017	48.4%	8.5%	5.7%	62.7%	20.7%	7.8%	8.8%	100%
2016	48.0%	8.4%	5.5%	62.0%	21.1%	8.1%	8.8%	100%
2015	46.8%	8.6%	5.2%	60.6%	21.7%	8.3%	9.4%	100%
2014	47.0%	8.5%	5.1%	60.7%	22.2%	7.8%	9.3%	100%
2013	47.4%	8.4%	5.1%	60.9%	22.6%	7.6%	8.9%	100%
2012	48.4%	8.3%	5.1%	61.8%	22.3%	7.6%	8.3%	100%
2011	50.9%	9.1%	5.5%	65.5%	18.3%	7.6%	8.6%	100%
2010*	49.1%	10.1%	5.6%	64.9%	18.4%	7.5%	9.2%	100%
2009	47.9%	9.6%	5.9%	63.5%	19.8%	7.3%	9.4%	100%
2008	48.5%	9.4%	5.9%	63.7%	19.3%	7.1%	9.8%	100%
2007*	49.8%	9.4%	5.7%	64.9%	19.4%	6.9%	8.9%	100%
2006	45.3%	10.5%	6.5%	62.3%	21.0%	7.0%	9.8%	100%
2005	46.3%	10.7%	6.6%	63.7%	19.6%	6.9%	9.9%	100%
2004	47.1%	10.9%	6.6%	64.5%	18.8%	7.0%	9.7%	100%
2003	46.8%	10.9%	6.6%	64.2%	18.3%	7.4%	10.1%	100%
2002	45.6%	11.6%	7.0%	64.2%	17.5%	7.2%	11.1%	100%
2001*	48.4%	11.9%	6.7%	67.0%	15.6%	6.8%	10.5%	100%
2000	49.0%	12.1%	6.6%	67.7%	16.2%	6.5%	9.7%	100%
1999	49.4%	12.0%	6.4%	67.8%	15.7%	6.6%	9.9%	100%
1998	49.0%	12.4%	6.6%	68.0%	16.4%	6.3%	9.3%	100%

2010* Moved Deaf/Blind School from "Other Education" to "Public Schools"; Historical Society and Libraries to "All Other Agencies".

2007* Adjusted for H1 of 2006 Special Session which increased Public Schools General Fund by \$250,645,700.

2001* Moved Department of Environmental Quality and Veterans Services from H&W to "All Other Agencies".

Twenty-Two Year History of General Fund

Change from Previous Original Appropriations: FY 1998 to FY 2019

Millions of Dollars

Fiscal Year	Public Schools	College & Universities	All Other Education	Total Education	Health & Welfare	Adult & Juv Corrections	All Other Agencies	Total Gen Fund
2019	\$100.0	\$8.7	\$15.4	\$124.1	\$59.1	\$20.4	(\$1.5)	\$202.1
2018	\$100.6	\$7.5	\$11.4	\$119.5	\$29.0	\$6.0	\$23.1	\$177.6
2017	\$108.9	\$20.8	\$17.7	\$147.4	\$27.6	\$8.8	\$17.4	\$201.1
2016	\$101.2	\$7.6	\$16.0	\$124.7	\$12.2	\$4.2	(\$5.3)	\$135.8
2015	\$66.2	\$14.7	\$10.8	\$91.7	\$20.5	\$25.0	\$18.0	\$155.1
2014	\$28.5	\$8.6	\$5.0	\$42.1	\$6.7	\$12.8	\$17.3	\$78.9
2013	\$56.2	\$18.1	\$9.7	\$84.1	\$45.3	\$12.4	\$31.4	\$173.1
2012	\$9.3	(\$7.7)	(\$1.7)	(\$0)	\$128.5	\$12.4	\$4.2	\$145.1
2011	(\$17.1)	(\$35.8)	(\$11.2)	(\$64.1)	(\$26.0)	(\$6.1)	(\$26.6)	(\$122.7)
2010*	(\$187.2)	(\$31.9)	(\$34.0)	(\$253.0)	(\$125.0)	(\$29.2)	(\$45.6)	(\$452.7)
2009	\$51.2	\$20.9	\$8.9	\$81.1	\$42.4	\$14.8	\$4	\$138.6
2008	\$75.8	\$20.5	\$17.8	\$114.1	\$42.5	\$23.2	\$47.2	\$227.0
2007*	\$304.5	\$14.8	\$6.5	\$325.8	\$44.7	\$25.8	\$16.5	\$412.8
2006	\$22.4	\$5.6	\$3.6	\$31.5	\$50.1	\$9.4	\$7.7	\$98.8
2005	\$21.7	\$5.4	\$6.9	\$34.0	\$31.7	\$2.1	\$10.2	\$78.1
2004	\$23.0	\$4.4	\$9	\$28.4	\$16.2	(\$4.4)	(\$4.0)	\$36.2
2003	(\$13.0)	(\$22.9)	(\$11.7)	(\$47.5)	\$1.6	(\$2.2)	(\$28.2)	(\$76.4)
2002	\$59.5	\$21.5	\$21.0	\$102.0	\$75.9	\$24.1	\$38.3	\$240.3
2001*	\$52.4	\$13.0	\$10.7	\$76.1	\$11.4	\$14.7	\$27.1	\$129.3
2000	\$24.7	\$9.0	\$6.8	\$40.6	\$18.1	\$2.1	\$3.2	\$63.9
1999	\$91.4	\$14.3	\$9.1	\$114.8	\$16.1	\$16.1	\$25.0	\$171.9
1998	\$15.5	\$6	\$1	\$16.1	(\$1.9)	\$11.7	\$3	\$26.3

Percent Change from Previous Original Appropriations

Fiscal Year	Public Schools	College & Universities	All Other Education	Total Education	Health & Welfare	Adult & Juv Corrections	All Other Agencies	Total
2019	5.9%	3.0%	7.8%	5.7%	8.4%	7.8%	(0.5%)	5.9%
2018	6.3%	2.7%	6.1%	5.8%	4.3%	2.3%	8.0%	5.4%
2017	7.4%	8.0%	10.5%	7.7%	4.3%	3.5%	6.4%	6.5%
2016	7.4%	3.0%	10.4%	7.0%	1.9%	1.7%	(1.9%)	4.6%
2015	5.1%	6.2%	7.5%	5.4%	3.3%	11.4%	7.0%	5.6%
2014	2.2%	3.8%	3.6%	2.6%	1.1%	6.2%	7.2%	2.9%
2013	4.6%	8.6%	7.6%	5.4%	8.0%	6.4%	15.0%	6.8%
2012	0.8%	(3.5%)	(1.3%)	(0.0%)	29.5%	6.9%	2.1%	6.1%
2011	(1.4%)	(14.1%)	(8.0%)	(3.9%)	(5.6%)	(3.3%)	(11.5%)	(4.9%)
2010*	(13.2%)	(11.2%)	(19.4%)	(13.5%)	(21.3%)	(13.5%)	(16.4%)	(15.3%)
2009	3.7%	7.9%	5.4%	4.5%	7.8%	7.3%	0.1%	4.9%
2008	5.9%	8.4%	12.0%	6.8%	8.5%	13.0%	20.6%	8.8%
2007*	30.8%	6.5%	4.6%	24.0%	9.8%	17.0%	7.7%	18.9%
2006	2.3%	2.5%	2.6%	2.4%	12.3%	6.6%	3.8%	4.7%
2005	2.3%	2.5%	5.3%	2.6%	8.4%	1.5%	5.2%	3.9%
2004	2.5%	2.1%	0.7%	2.2%	4.5%	(3.0%)	(2.0%)	1.8%
2003	(1.4%)	(9.7%)	(8.2%)	(3.6%)	0.5%	(1.5%)	(12.4%)	(3.7%)
2002	6.8%	10.0%	17.4%	8.4%	26.9%	19.5%	20.2%	13.3%
2001*	6.4%	6.4%	9.7%	6.7%	4.2%	13.6%	16.7%	7.7%
2000	3.1%	4.7%	6.6%	3.7%	7.1%	2.0%	2.0%	4.0%
1999	13.0%	8.0%	9.7%	11.7%	6.8%	17.8%	18.7%	11.9%
1998	2.3%	0.3%	0.1%	1.7%	(0.8%)	14.9%	0.2%	1.9%

2010* Moved Deaf/Blind School from "Other Education" to "Public Schools"; Historical Society and Libraries to "All Other Agencies".

2007* Adjusted for H1 of 2006 Special Session which increased Public Schools General Fund by \$250,645,700.

2001* Moved Department of Environmental Quality and Veterans Services from H&W to "All Other Agencies".

Budget Stabilization Fund

Date	Action	Section 57-814, Idaho Code	Balance
Apr 1984	Budget Reserve Fund Creation & General Fund Transfer (H747)	\$ 4,267,200	\$ 4,267,200
Jun 1984	Transfer from General Fund (H350)	1,490,300	5,757,500
Jul 1985	Transfer to General Fund (H350)	(5,757,500)	-
A/Jun 1989	Transfers from General Fund (S1332aaH)	12,000,000	12,000,000
Mar 1990	Transfer from General Fund (S1573)	38,000,000	50,000,000
Apr 1990	Interest earnings from Apr. 1989 to Mar. 1990	684,432	50,684,432
Apr 1990	Appropriation for local highway projects (H905)	(15,500,000)	35,184,432
Jun 1992	Transfer to General Fund (S1464)	(5,406,100)	29,778,332
Apr 1993	Transfer to Parks & Rec. for Oregon Trail Project (S1276)	(100,000)	29,678,332
Jul 1993	Transfer to General Fund for public schools (H463)	(3,000,000)	26,678,332
M/Apr 1994	Oregon Trail Rtn \$27,000 (H862)/Juv Justice Study (H992)	(73,000)	26,605,332
1993/1994	Transfers from Liquor Fund (H464)	6,255,800	32,861,132
Jun 1995	Partial return from juvenile justice study	26,763	32,887,895
Mar 1996	Transfer for North Idaho floods (Exec. Order #96-04)	(1,000,000)	31,887,895
J/Jun 1997	Transfer for Floods (Exec. Order #97-01)	(4,000,000)	27,887,895
Jul 1997	State Controller - Y2K appropriation (S1285)	(357,700)	27,530,195
Jun 1998	Transfers from General Fund (H572 and H443a)	8,500,000	36,030,195
Dec 1999	Deposits from tobacco settlement (S1002)	16,781,559	52,811,754
Feb 2000	Transfer tobacco settlements to Millennium Fund (S1296)	(16,781,559)	36,030,195
Jul 2000	American Trucking Settlement Out/Surplus In \$17,000,000	-	36,030,195
Dec 2000	Transfer to Disaster Emergency Fund (Exec. Order #00-17)	(1,000,000)	35,030,195
FY 2001	Quarterly transfers from General Fund to BSF (H569)	18,209,641	53,239,836
Aug 2001	Rainbow Gathering (Exec. Order 2001-09)	(150,000)	53,089,836
S/Dec 2001	Qtrly FY 2002 transfers from General Fund §57-814a	9,923,198	63,013,034
Feb 2002	Transfer to General Fund and Defer Remaining (S1301)	(9,923,000)	53,090,034
Jul 2002	Transfers to General Fund (S1517 of 2002 & S1195 of 2003)	(53,090,000)	34
S/D/M 2005	Qtrly FY 2005 transfers from General Fund §57-814a	15,728,258	15,728,292
Apr 2005	Transfer to Public Education Stabilization Fund (S1231)	(5,000,000)	10,728,292
Jun 2005	Qtrly FY 2005 transfer from General Fund §57-814a	5,242,753	15,971,045
S/Dec 2005	Qtrly FY 2006 transfers from General Fund §57-814a	11,338,458	27,309,503
Feb 2006	Transfer from General Fund (H409)	70,000,000	97,309,503
M/Jun 2006	Qtrly FY 2006 transfers from General Fund §57-814a	11,338,458	108,647,961
FY 2007	Qtrly FY 2007 transfers from General Fund §57-814a	12,917,610	121,565,571
FY 2008	Qtrly FY 2008 transfers from General Fund §57-814a	19,059,069	140,624,640
Jun 2009	FY 2009 Year-End Balancing (S1227)	(12,400,000)	128,224,640
Jul 2009	Trans to Gen Fund, Salary Approp (S1227) Elect Cons (H372a)	(63,899,568)	64,325,072
Jul 2010	FY 2010 Transfer to General Fund (S1445)	(33,505,000)	30,820,072
FY 2011	FY 2011 Transfers to GF, Appropriations net Reversions	(30,720,400)	99,672
FY 2012	FY 2012 SOS \$128,046 Reversion and Year-end Transfer	23,769,346	23,869,018
FY 2013	Qtrly FY 2013 transfers from General Fund §57-814a	25,877,133	49,746,151
Jun 2013	Transfer from General Fund (H345)	85,392,192	135,138,343
FY 2014	Qtrly FY 2014 transfers from General Fund §57-814a	2,375,764	137,514,107
FY 2014	Year-end Transfer from General Fund (H635)	24,000,000	161,514,107
FY 2015	Transfer from Gen Fund §57-814(2) (H312a of 2015) 1% of FY 201	28,154,293	189,668,400
FY 2015	Transfer from General Fund §57-814(4) (H312a of 2015) Surplus	54,152,455	243,820,855
FY 2016	Transfer from General Fund §57-814(2) (H312a of 2015)	4,657,880	248,478,735
FY 2016	Transfer from General Fund §57-814(4) (H312a of 2015) Surplus	10,965,530	259,444,266
FY 2017	Transfer from General Fund §57-814(2) (S1206 of 2017)	31,836,900	291,281,166
FY 2017	Transfer from General Fund §57-814(4) (S1206 of 2017) Surplus	27,464,300	318,745,466
FY 2018	Transfer from General Fund §57-814(2)	34,484,100	353,229,566
FY 2018	Transfer from General Fund §57-814(4) (S1206 of 2017) Surplus	60,296,400	413,525,966

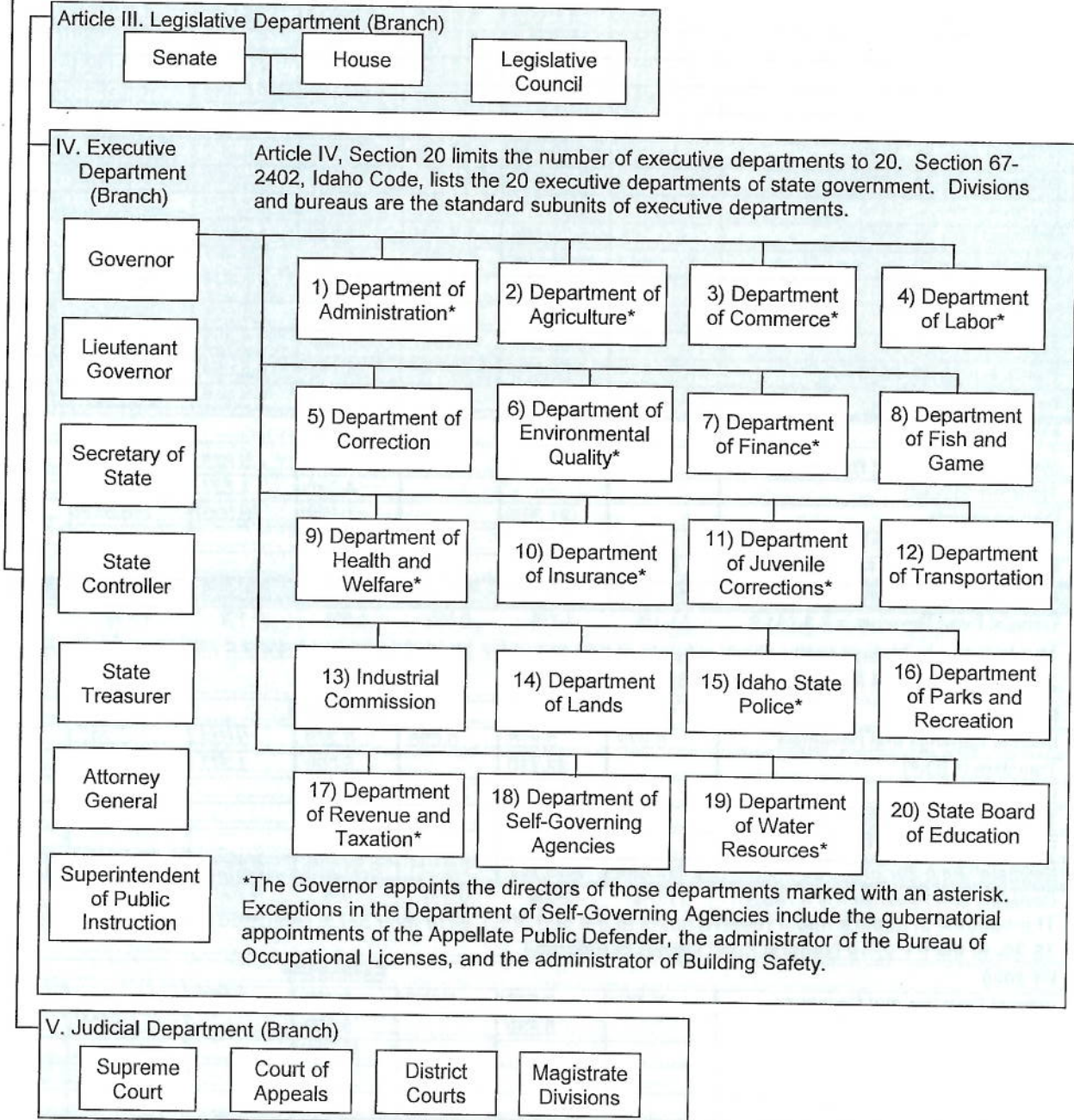
State of Idaho Major Reserve Fund Balances

Emergency Funds include: 1) Governor's Emergency, Section 57-1601, Idaho Code; and 2) Disaster Emergency, Section 46-1005A, Idaho Code, which includes both Federal Emergency Management Act and state moneys.

In Millions of Dollars	Budget Stabilization Fund	Public Ed Stabilization Fund	Economic Recovery Reserve	Idaho Millennium Fund	Higher Ed Stabilization Fund	Emergency Funds	TOTAL
1. Balance June 30, 2003	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	\$ 0.000	(\$ 0.218)	(\$ 0.218)
2. Balance June 30, 2004	\$ 0.000	\$ 7.135	\$ 0.000	\$ 22.872	\$ 0.000	\$ 0.154	\$ 30.161
3. Balance June 30, 2005	\$ 15.971	\$ 12.135	\$ 22.044	\$ 44.677	\$ 0.000	\$ 0.132	\$ 94.960
4. Balance June 30, 2006	\$ 108.648	\$ 7.771	\$ 24.632	\$ 67.436	\$ 0.000	\$ 0.281	\$ 208.768
5. Balance June 30, 2007	\$ 121.566	\$ 109.030	\$ 2.657	\$ 64.079	\$ 0.000	\$ 0.875	\$ 298.207
6. Balance June 30, 2008	\$ 140.625	\$ 112.046	\$ 66.133	\$ 70.207	\$ 0.000	\$ 3.337	\$ 392.349
7. Balance June 30, 2009	\$ 128.225	\$ 17.979	\$ 68.101	\$ 74.206	\$ 0.000	\$ 0.720	\$ 289.231
8. Balance June 30, 2010	\$ 30.820	\$ 23.174	\$ 48.847	\$ 76.967	\$ 0.000	\$ 0.792	\$ 180.600
9. Balance June 30, 2011	\$ 0.100	\$ 11.154	\$ 0.054	\$ 74.589	\$ 0.000	\$ 3.339	\$ 89.235
10. Balance June 30, 2012	\$ 23.869	\$ 36.968	\$ 0.056	\$ 14.156	\$ 0.367	\$ 4.233	\$ 79.648
11. Balance June 30, 2013	\$ 135.138	\$ 49.049	\$ 0.057	\$ 15.492	\$ 0.942	\$ 3.424	\$ 204.103
12. Balance June 30, 2014	\$ 161.514	\$ 72.851	\$ 0.057	\$ 20.235	\$ 3.227	\$ 3.373	\$ 261.256
13. Balance June 30, 2015	\$ 243.821	\$ 90.948	\$ 0.057	\$ 25.409	\$ 3.492	\$ 2.795	\$ 366.522
14. Balance June 30, 2016	\$ 259.444	\$ 88.551	\$ 20.092	\$ 29.787	\$ 3.064	\$ 2.567	\$ 403.505
20. Balance June 30, 2017	\$ 318.746	\$ 85.043	\$ 0.370	\$ 33.584	\$ 8.866	\$ 53.901	\$ 500.510
FY 2018 Actuals							
21. Interest Earnings and Revenues		0.676	0.076	0.479	0.076	4.483	5.789
22. Transfers In (Out)				4.728	1.337		6.064
23. Disbursements		(21.369)		(1.296)	(5.000)	(16.910)	(44.575)
24. Transfers from GF §57-814 Δ 8.21%	34.484						34.484
25. End-of-Year Surplus Eliminator	60.296						60.296
26. Balance June 30, 2018	\$ 413.526	\$ 64.350	\$ 0.446	\$ 37.494	\$ 5.278	\$ 41.474	\$ 562.569
General Fund Revenue = \$ 3,731.6 11.1% 1.7% 0.0% 1.0% 0.1% 1.1% 15.1%							
The balance in Idaho's major reserve funds at the end of FY 2018 (line 26) was \$562.6 million or 15.1% of the FY 2018 General Fund Revenue Collections.							
* FY 2019 Estimates							
27. Interest Earnings and Revenues	0.373	0.826	0.036	0.279	0.074	5.291	6.879
28. Transfers In (Out)		32.210		5.000	2.277		39.487
29. Disbursements		(16.635)	(0.442)	(1.500)		(14.889)	(33.466)
30. Transfers from GF §57-814 Δ .50%							
31. End-of-Year Surplus Eliminator							
32. Estimate* June 30, 2019	\$ 413.899	\$ 80.752	\$ 0.041	\$ 41.273	\$ 7.629	\$ 31.877	\$ 575.470
General Fund Revenue = \$ 3,750.3 11.0% 2.2% 0.0% 1.1% 0.2% 0.8% 15.3%							
The balance in Idaho's major reserve funds at the end of FY 2019 (line 32) is estimated to be \$575.5 million or 15.3% of the FY 2019 General Fund Revenue Estimate.							
* FY 2020 Estimates							
33. Interest Earnings and Revenues	0.373	0.826	0.036	0.407	0.088		1.731
34. Transfers In (Out)		8.600		5.000		2.000	15.600
35. Disbursements				(1.685)			(1.685)
36. Transfers from GF §57-814 Δ 8.19%							
37. End-of-Year Surplus Eliminator							
38. Estimate* June 30, 2020	\$ 414.271	\$ 90.178	\$ 0.077	\$ 44.995	\$ 7.717	\$ 33.877	\$ 591.116
General Fund Revenue = \$ 4,057.4 10.2% 2.2% 0.0% 1.1% 0.2% 0.8% 14.6%							
The balance in Idaho's major reserve funds at the end of FY 2020 (line 38) is estimated to be \$591.1 million or 14.6% of the FY 2020 General Fund Revenue Estimate.							

State of Idaho Organizational Chart

Article II, Section 1, Idaho State Constitution: The powers of the government of this state are divided into three distinct departments, the legislative, executive, and judicial; and no person or collection of persons charged with the exercise of powers properly belonging to one of these departments shall exercise any powers properly belonging to either of the others, except as in this constitution expressly directed or permitted.



The lines of responsibility are complicated by 181 boards, commissions, councils, committees, associations, and other structures authorized by the Idaho Constitution, statute, or executive order. See the Secretary of State's *Idaho Bluebook* for a full listing.

State Tax Commission

Analyst: Bybee

Historical Summary

OPERATING BUDGET	FY 2018 Total App	FY 2018 Actual	FY 2019 Approp	FY 2020 Request	FY 2020 Gov Rec
BY PROGRAM					
General Services	14,536,500	12,389,700	12,271,600	13,234,400	12,804,500
Audit Division	12,700,700	12,346,100	12,834,000	13,252,700	13,189,900
Collection Division	7,494,000	7,626,500	7,675,300	7,922,900	7,965,300
Revenue Operations	6,851,800	6,951,900	7,138,200	7,062,800	6,876,300
Property Tax	3,798,200	3,842,500	3,831,100	3,950,000	3,982,500
Total:	45,381,200	43,156,700	43,750,200	45,422,800	44,818,500
BY FUND CATEGORY					
General	37,798,300	35,821,300	36,154,600	37,462,600	36,924,500
Dedicated	7,574,900	7,327,400	7,587,600	7,952,200	7,886,000
Federal	8,000	8,000	8,000	8,000	8,000
Total:	45,381,200	43,156,700	43,750,200	45,422,800	44,818,500
Percent Change:		(4.9%)	1.4%	3.8%	2.4%
BY OBJECT OF EXPENDITURE					
Personnel Costs	31,746,200	31,731,600	32,162,800	33,388,700	31,562,600
Operating Expenditures	12,492,700	10,739,200	11,452,800	11,747,500	13,032,400
Capital Outlay	1,142,300	685,900	134,600	286,600	223,500
Total:	45,381,200	43,156,700	43,750,200	45,422,800	44,818,500
Full-Time Positions (FTP)	455.00	455.00	459.00	473.00	448.00

Division Description

The State Tax Commission has five budgeted programs: General Services, Audit, Collections, Revenue Operations, and Property Tax.

1) The General Services Program consists of the Commissioners, Administrative Section, Legal Section, Taxpayer Resources (Communications, Tax Policy, and Taxpayer Services), Information Technology Section, Human Resources, and the Management Services Division. This organizational structure provides for centralized management, policy development, legal, personnel, fiscal, and computer services.

2) The Audit Program conducts audits on all tax types administered by the agency by the authority of Idaho Code and the Multistate Tax Compact; conducts discovery and enforcement efforts directed at non-filers; and fraud and identity theft mitigation.

3) The Collection Program operates from the administrative office in Boise and works from and oversees five field office locations; it is also responsible for collecting delinquent taxes for all tax types, and for providing front-line taxpayer services at the offices or over the phone.

4) Revenue Operations administers the voluntary tax compliance program. Activities include: a) registering permit holders for sales, withholding, hotel/motel, special fuels, beer, wine, cigarette and tobacco taxes; b) ensuring that all individuals and licensed businesses are mailed proper tax forms for reporting; c) establishing taxpayer liability, as well as processing revenue and refund documents submitted by taxpayers; and d) maintaining a records system capable of providing individuals with tax documents.

5) The Property Tax Program provides oversight and technical support in the administration of the property tax system, working to ensure fair, equitable, and accurate property taxation. The program is required to: annually appraise all class three operating property, as required by Section 63-2215, Idaho Code; examine property tax levies of all taxing districts to ensure compliance with Idaho Code; develop forms, procedures, and computer software necessary for county assessors to appraise property; develop an assessor's manual in order to facilitate uniformity of appraisals; and administer property tax relief through the Circuit Breaker Program.

State Tax Commission

FY 2020 Govs Rec

	FTP	Gen	Ded	Fed	Total
FY 2019 Original Appropriation	459.00	36,154,600	7,587,600	8,000	43,750,200
Reappropriation	0.00	2,000,000	0	0	2,000,000
Supplementals					
1. Additional Moving Costs	0.00	500,000	0	0	500,000
2. LUMA Coordinator	0.00	0	0	0	0
3. Trailer to H492 of 2018	0.25	13,200	0	0	13,200
4. Property Tax Education	0.00	0	20,000	0	20,000
FY 2019 Total Appropriation	459.25	38,667,800	7,607,600	8,000	46,283,400
FY 2019 Estimated Expenditures	459.25	38,667,800	7,607,600	8,000	46,283,400
Removal of Onetime Expenditures	0.00	(2,828,000)	(156,300)	0	(2,984,300)
Base Adjustments	0.00	0	0	0	0
FY 2020 Base	459.25	35,839,800	7,451,300	8,000	43,299,100
Benefit Costs	0.00	(158,700)	(26,700)	0	(185,400)
Inflationary Adjustments	0.00	40,300	4,000	0	44,300
Replacement Items	0.00	115,800	95,400	0	211,200
Statewide Cost Allocation	0.00	216,700	80,700	0	297,400
Annualizations	0.75	39,400	0	0	39,400
Change in Employee Compensation	0.00	694,200	126,500	0	820,700
FY 2020 Program Maintenance	460.00	36,787,500	7,731,200	8,000	44,526,700
Line Items					
1. Improve Field Office Security	0.00	115,000	0	0	115,000
2. Batch Monitoring Services	0.00	66,500	15,000	0	81,500
3. Additional Processing Staff	2.00	96,700	10,700	0	107,400
4. Taxpayer Services Positions	1.00	30,200	5,300	0	35,500
5. IT Help Desk	0.00	0	0	0	0
6. Additional Auditors	2.00	42,100	81,900	0	124,000
7. Commissioner CEC	0.00	11,500	2,900	0	14,400
GOV TECH 1. Network Equip Replacement	0.00	0	42,000	0	42,000
GOV TECH 3. Modernization – Consolidate	(17.00)	(225,000)	(3,000)	0	(228,000)
Cash Transfers	0.00	0	0	0	0
FY 2020 Total	448.00	36,924,500	7,886,000	8,000	44,818,500
Chg from FY 2019 Orig Approp.	(11.00)	769,900	298,400	0	1,068,300
% Chg from FY 2019 Orig Approp.	(2.4%)	2.1%	3.9%	0.0%	2.4%

Board of Tax Appeals

FY 2020 Request

	FTP	Gen	Ded	Fed	Total
FY 2019 Original Appropriation	5.00	608,600	0	0	608,600
Supplementals					
1. New Lease - New Space	0.00	9,900	0	0	9,900
FY 2019 Total Appropriation	5.00	618,500	0	0	618,500
FY 2019 Estimated Expenditures	5.00	618,500	0	0	618,500
Removal of Onetime Expenditures	0.00	(4,300)	0	0	(4,300)
FY 2020 Base	5.00	614,200	0	0	614,200
Benefit Costs	0.00	1,700	0	0	1,700
Inflationary Adjustments	0.00	1,400	0	0	1,400
Replacement Items	0.00	3,600	0	0	3,600
Statewide Cost Allocation	0.00	300	0	0	300
Annualizations	0.00	3,300	0	0	3,300
Change in Employee Compensation	0.00	4,600	0	0	4,600
FY 2020 Program Maintenance	5.00	629,100	0	0	629,100
Line Items					
1. Office 365 Licenses	0.00	1,100	0	0	1,100
FY 2020 Total	5.00	630,200	0	0	630,200
Chg from FY 2019 Orig Approp.	0.00	21,600	0	0	21,600
% Chg from FY 2019 Orig Approp.	0.0%	3.5%			3.5%

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, January 16, 2019

SUBJECT	DESCRIPTION	PRESENTER
Docket No. 35-0101-1801	Relating to Income Tax Administrative Rules	Cynthia Adrian, Idaho State Tax Commission
Docket No. 35-0101-1804	Relating to Income Tax Administrative Rules	Cynthia Adrian, Idaho State Tax Commission
Docket No. 35-0201-1801	Relating to Tax Commission Administrative and Enforcement Rules	Cynthia Adrian, Idaho State Tax Commission

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Carol Waldrup
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 16, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:00 p.m.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

DOCKET NO. 35-0101-1801 **Relating to Income Tax Administrative Rules.** **Cynthia Adrian**, Income Tax Policy Specialist, Idaho State Tax Commission (ISTC), explained each rule and the purpose for ISTC's recommended changes or removals. She reported that the majority of ISTC's rules were due to statutory requirements and many tax regulations specific to past years were stricken as well.

DISCUSSION: **Ms. Adrian** said Rule 015 clarified the uncodified provisions to Idaho tax payers and explained that federal law was included when they calculated Idaho taxable income. **Chairman Rice** asked if there was a court case which interpreted the definition and if there was a difference between what they see and Idaho code. **Ms. Adrian** responded there was an Idaho Supreme Court case called the Sapporo Stall case. Taxpayers assumed uncodified provisions did not apply to calculating Idaho taxable income. **Senator Lakey** asked if she could expand on the term "codified provisions". **Ms. Adrian** explained that codified provisions are public laws that go into effect and those provisions aren't actually incorporated into the code, and they may not be in a code book. They can be found on the legislative website. **Senator Hill** clarified that their intent was not to change the rule but to change the definition of the uncodified provisions and asked for further clarification on the definition of uncodified provisions and if they were conforming to federal laws. **Ms. Adrian** responded that they were conforming to anything prospective from federal entities. **Senator Hill** asked if she would include the phrase in the statute so that they were consistent. She explained the federal tax return will effect the phrasing, and they will change the language in the conformity bill. **Senator Burgoyne** expressed concerns with cross referencing interpretations from multiple federal agencies. **Chairman Rice** agreed and said the entire definition should be a matter for code, not rule.

Ms. Adrian reported that Rule 017 was new and informed taxpayers who have § 965 repatriation income to report on an Idaho return. What they wanted, she said, was to inform taxpayers on § 965 repatriation for their Idaho return, even though it was not on IRS form 1120. **Senator Burgoyne** commented that the provision was needed to report in 2018 for 2017 taxes and only for that year.

TESTIMONY: **John McGowan**, representing himself and who stated he was a local tax attorney and Certified Public Accountant (CPA), testified in response to a question from Senator Lakey, that utilizing the uncodified Internal Revenue Code was the current practice and if they did not adopt the proposed rule, an argument could be made against adhering to the uncodified rule.

DISCUSSION: **Senator Burgoyne** said he believed there was not enough evidence to adopt the rule and asked they focus further on the legislative conformity. **Senator Vick** asked if Mr. McGowan had an opinion on the next provision. **Mr. McGowan** responded that it was appropriate to leave the proposed rule. **Chairman Rice** said he thought they needed to change the rule to ensure the completeness and accurateness of any definition rather than relying on clarifications. He thought they should look at proposing them as parts of the conformity bill, not as a rule. **Senators Lakey, Hill, and Burgoyne** discussed their concerns regarding the wording. **Senator Hill** recognized the immediate need for the bill to help people and software companies prepare their returns.

MOTION: **Chairman Rice** moved that **Docket no. 35-0101-1801** be held subject to the call of the chair. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0101-1804 **Relating to Income Tax Administrative Rules.** **Ms. Adrian** reported there was a subsection added to explain the donation of a property. **Vice Chairman Grow** asked if the rule applied to Limited Liability Companies. She replied that it was possible if they were taxed as a partnership.

MOTION: **Senator Hill** moved to approve **Docket No. 35-0101-1804**. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0201-1801 **Relating to Income Tax Administrative Rules.** **Ms. Adrian** explained that the change regarded the interest rate determined by the Internal Revenue Service. She noted that changes are required every year.

MOTION: **Senator Vick** moved to approve **Docket No. 35-0201-1801**. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Grow passed the gavel to Chairman Rice.

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 3:45 p.m.

Senator Rice
Chair

Carol Waldrip
Secretary

Bryce DeLay
Assistant Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, January 17, 2019

SUBJECT	DESCRIPTION	PRESENTER
Docket No. <u>35-0102-1801</u>	Relating to Sales and Use Tax Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission
Docket No. <u>35-0102-1802</u>	Relating to Sales and Use Tax Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission
Docket No. <u>35-0102-1803</u>	Relating to Sales and Use Tax Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission
Docket No. <u>35-0106-1801</u>	Relating to Hotel/Motel Room & Campground Sales Tax Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission
Docket No. <u>35-0109-1801</u>	Relating to Idaho County Option Kitchen and Table Wine Tax Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission
Docket No. <u>35-0110-1801</u>	Relating to Idaho Cigarette and Tobacco Products Tax Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission
Docket No. <u>35-0110-1802</u>	Relating to Idaho Cigarette and Tobacco Products Tax Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission
Docket No. <u>35-0114-1801</u>	Relating to Prepaid Wireless E911 Fee Administrative Rules	Tom Shaner, CPA Tax Policy Manager Idaho State Tax Commission

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Carol Waldrup
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 17, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:00 p.m.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

DOCKET NO. 35-0102-1801 **Idaho Sales & Use Tax Administrative Rules. Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission), said the proposed changes revise language in Idaho Code § 63-3622GG, regarding exempted parts installed in nonresident aircraft. He explained this issue has not been addressed in rule. The proposed rulemaking would add clarifying language regarding which parts are exempt. **Mr. Shaner** said the rules cross reference exemption for parts installed in non-resident aircraft in Idaho Code § 63-3613. **Mr. Shaner** explained Idaho Code § 63-3619 requires the Commission to provide retailers with schedules for tax collection on sales which involve a fraction of a dollar and updates current practices.

Mr. Shaner affirmed there was no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was conducted.

MOTION: **Senator Burgoyne** moved to approve **Docket No. 35-0102-1801**. **Chairman Rice** seconded the motion. The motion carried by **voice vote**.

DOCKET NO. 35-0102-1802 **Idaho Sales & Use Tax Administrative Rules. Mr. Shaner** said the Docket provides guidance on where a taxpayer can find information about the administrative appeals process available to them. The proposed rulemaking will add reference to additional areas within Idaho Code Administrative Rules, specifically, Idaho Code §§ 63-3626, 63-3621, 63-3633, and 63-3634 with a reference to Idaho Code § 121 and Idaho Administrative Procedure Act (IDAPA) 53.02.02: "The Tax Commission Administration and Enforcement Rules."

Mr. Shaner said specific topics relating to motor vehicles including gifts, military personnel and exemptions were discussed. The proposed rulemaking updated the rule to reflect changes regarding a tax exemption claim removal and a new form created for gift transfers. The form name will be updated and given statutory reference.

Mr. Shaner stated the proposed rulemaking adds guidance that directs financial institutions to obtain a permit if they are collecting sales taxes. They can then properly report the tax collected.

Mr. Shaner affirmed that there was no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was conducted.

DISCUSSION:

Senator Burgoyne asked if there were references to vessels and non-resident Limited Liability Companies (LLCs) in other sections. **Mr. Shaner** said he did not know but could provide the information. **Chairman Rice** asked how soon the Committee could have an answer to **Senator Burgoyne's** question regarding vessels. **Mr. Shaner** stated that he could have that information quickly. **Senator Nye** asked about language consistency and the use of "vessels" in this Docket. **Mr. Shaner** replied there may have been an oversight, but it was not intentionally done. **Senator Lakey** asked if the word "aircraft" should be added. **Mr. Shaner** replied he did not know and would provide information in the near future.

Chairman Rice asked if a non-resident could form an LLC, or other legal entity formed under the laws of another state, to bypass the statute. **Mr. Shaner** replied in the negative; taxes would be triggered by getting a license at the Department of Motor Vehicles (DMV).

Chairman Rice asked if the State would also treat a canoe under the same circumstances. **Mr. Shaner** replied he did not know and would provide information in the near future. **Senator Burgoyne** asked if there was a statutory basis for the language used. **Mr. Shaner** responded that the other rules would give clarification.

Mr. Shaner proposed a rule making change, relating to county assessors and financial institutions, that sales taxes are turned over to the Commission if they are collected as part of financing a vehicle or vessel.

Mr. Shaner stated a few credit unions had put the sales commission and sales tax in a lump sum which was then presented to the Commission. This lowered the efficiency of the Commission as they had to determine the sales tax value from the lump sum.

Senator Lakey asked why financial institutions needed a sellers permit, what the process was to get a permit, and if there was a fee. **Mr. Shaner** said it would make the Commission more efficient, the process was online, and there was no fee with the permit. **Chairman Rice** asked if all banks who provided loans on cars are required to have a sellers permit. **Mr. Shaner** replied in the negative. **Chairman Rice** asked if there was a statute stating whether or not financial institutions could be required to use forms instead of applying for a permit. **Mr. Shaner** replied in the negative.

Senator Burgoyne asked what kind of transactions involved financial institutions remitting taxes to the Commission, what kind of tangible personal property is being discussed, and what the nature of those transactions are. **Mr. Shaner** replied in the context of the rule change, it was limited to whether or not a financial institution was acting as a retailer. The change would not be dealing with repossessed or resold cars.

Senator Burgoyne and **Mr. Shaner** discussed how the Commission could be more efficient with better policies.

MOTION:

Senator Lakey moved that **Docket No. 35-0102-1802** be held subject to the call of the Chair. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

**DOCKET NO.
35-0102-1803**

Idaho Sales & Use Tax Administrative Rules. **Mr. Shaner** explained that **Docket No. 35-0102-1803** amends the Idaho Sales Tax Act to provide a presumption that under certain conditions, out-of-state retailers making sales to Idaho customers are retailers engaged in business in Idaho. It revises language to reflect the rulemaking and includes a list of entities that must overcome the presumption defined by Idaho Code § 63-3611 and a statutory reference. **Mr. Shaner** said the rulemaking change also updates Idaho Code § 63-3621 which includes the use of food or beverages donated to individuals or nonprofit organizations.

Mr. Shaner stated the updates also amend the exemption for Research and Development at the Idaho National Laboratory (INL) and include language revisions to conform to Idaho Code including a statutory reference. **Mr. Shaner** explained the changes which apply to the current National Automobile Dealers Association (NADA) standard "Clean Retail Value." and provide clarity about how these are reviewed and valued by the Commission. **Mr. Shaner** said the proposed changes clarify the language in a list form required to satisfy a refund claim. They also provide description and guidance claim forms. The language is updated to conform to the statute.

Mr. Shaner affirmed there is no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was conducted.

DISCUSSION:

Senator Burgoyne asked if the language in **Docket No. 35-0102-1803** was informational. **Mr. Shaner** replied in the affirmative and that it was also part of H 578 (2018). **Mr. Shaner** listed changes in section 106.05b and 106.05c for either a low bill of sale or no bill of sale. The DMV uses the NADA guide to determine "Average Trade-in Price", including photographs, the vehicle itself, and documentation with a statement of reason of sale. **Chairman Rice** asked for the definition of "dramatic difference" and why the Commission should go with the average. **Mr. Shaner** replied the Commission would be more efficient if it used the average. **Senator Lakey** said he was not sure this was the best way to carry out this particular policy. **Senator Hill** said he supports the rule change.

Chairman Rice commented on a distinction regarding the no bill of sale or barter situations and agreed with Senator Hill. However, regarding a bill of sale, these were major changes for section 106.05b and for section 106.05c and section 106.05d there were improvements. He expressed concern that tax payers would be charged a higher sales tax rate by creating presumptions of a value that contradicts their bill of sale.

Senator Burgoyne asked if the changes would make a common transaction too complicated. **Mr. Shaner** said the rule change would increase efficiency of the Idaho Department of Transportation (ITD) and DMV employees. **Senator Burgoyne** asked if the changes prevent off-sets as originally written. **Mr. Shaner** replied in the affirmative.

MOTION:

Chairman Rice moved to approve **Docket No. 35-0102-1803**, excluding section 106.05b. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

- DOCKET NO. 35-0106-1801** **Hotel/Motel Room and Campground Sales Tax Administrative Rules. Mr. Shaner** presented **Docket No. 35-0106-1801** stating the changes provide guidance regarding the administrative appeals process. They also added references to additional areas within Idaho Code and Administrative Rules.
- Mr. Shaner** indicated where a tax payer can find information regarding the administrative process and that there is no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was not conducted.
- MOTION:** **Senator Vick** moved to approve **Docket No. 35-0106-1801**. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 35-0109-1801** **Idaho County Option Kitchen and Table Wine Tax Administrative Rules. Mr. Shaner** presented **Docket No. 35-0109-1801** with the rule being amended to change the term "wholesaler" to "distributor."
- Mr. Shaner** affirmed there is no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was conducted.
- MOTION:** **Senator Cheatham** moved to approve **Docket No. 35-0109-1801**, **Senator Anthon** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 35-0110-1801** **Idaho Cigarette & Tobacco Products Tax Administrative Rules. Mr. Shaner** presented **Docket No. 35-0110-1801** and said the proposals limit all wholesalers that stamp cigarettes to an unused stamp inventory equal to two times their average tax liability. He said bonded and unbonded wholesalers will have the same limitations on their unused stamp inventory.
- Mr. Shaner** affirmed there is no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was conducted.
- DISCUSSION:** **Chairman Rice** and **Mr. Shaner** discussed how stamp value is determined and increased over time.
- MOTION:** **Senator Anthon** moved to approve **Docket No. 35-0110-1801**. **Senator Cheatham** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 35-0110-1802** **Idaho Cigarette & Tobacco Products Tax Administrative Rules. Mr. Shaner** presented **Docket No. 35-0110-1802** and stated the tax will amend all codes and rules in the administrative appeals process, including requirements to file an appeal and other steps prior to possible judicial review. **Mr. Shaner** said the changes will correct the titles of "distributor" and "wholesaler" to match the statute.
- Mr. Shaner** affirmed there is no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was conducted.
- MOTION:** **Senator Burgoyne** moved to approve **Docket No. 35-0110-1802**. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.
- DOCKET NO. 35-0114-1801** **Prepaid Wireless E911 Fee Administrative Rules. Mr. Shaner** presented **Docket No. 35-0114-1801**, and explained the proposed rule making will add references to IDAPA section 121.
- Mr. Shaner** affirmed there is no fiscal impact to the General Fund. There is no incorporation by reference. Negotiated rulemaking was conducted.

MOTION: **Senator Anthon** moved to adopt **Docket No. 35-0114-1801**. **Senator Cheatham** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Grow** adjourned the meeting at 4:17 p.m.

Senator Rice
Chair

Carol Waldrip
Secretary

Jonathan von Nieda
Assistant Secretary

AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, January 23, 2019

SUBJECT	DESCRIPTION	PRESENTER
<u>H 0013</u>	Relating to Taxes - Amends existing law to update references to the Internal Revenue Codes	Tom Shaner, Idaho State Tax Commission
Gubernatorial Appointment	Leland Heinrich of Cascade, Idaho was re-appointed to the Board of Tax Appeals to serve a term commencing June 30, 2018 and expiring June 30, 2021.	Leland Heinrich

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice	Sen Lakey
Vice Chairman Grow	Sen Cheatham
Sen Hill	Sen Burgoyne
Sen Vick	Sen Nye
Sen Anthon	

COMMITTEE SECRETARY

Carol Waldrip
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, January 23, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:00 p.m.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

H 13 **Tom Shaner**, Tax Policy Manager, presented **House Bill 13 (H 13)** the annual bill to conform to the Internal Revenue Code. As of January 1, 2018, this bill would make the change effective January 1, 2019, which would enable the preparation of the 2018 income tax returns. It would use the federal taxable income as a starting point, allowing taxpayers to take the withholding amount from their Idaho return. They would make adjustments that are required by Idaho law instead of having to replicate work by preparing their federal income tax return first. The fiscal impact of **H 13** is estimated at \$320,000, based on an estimation prepared by the Joint Meeting of the House Revenue and Taxation Committee and Senate Local Government Taxation Committee, then reduced by size to fit the Idaho economy. **Mr. Shaner** respectfully requested that the Committee approve **H 13** and send it to the floor with a **do pass** recommendation.

Senator Hill asked for clarification that the only changes being made through this bill are changes from 2018, not changes resulting from federal law. **Mr. Shaner** affirmed that these were the only changes. He stated they had done a trailer bill when the February statutes were updated and they missed this. This bill will pick up those changes.

Senator Hill asked why they had not exempted out the portion regarding repatriated dividends since it wasn't adopted, and if it had any effect on the tentative decision made last year not to allow the section 250 deduction. **Mr. Shaner** stated there were a couple of separate conformity bills last year because of the tax reform.

Senator Hill asked if by adopting **H 13** the Committee would be conforming to repatriating the dividends, or would they still have the decision to make in another portion of the code. **Mr. Shaner** stated that in the conformity statute they did conform to the 965 being counted as income. What he believed was being referred to was in subtraction statute Idaho Code § 63-3022. They had them add back the federal 250 deduction and then utilize the Idaho dividends deduction. **Senator Hill** asked if there would be a future policy issue the Committee would have to decide on. **Mr. Shaner** affirmed that was correct.

Vice Chairman Grow asked if the amended language was recognized in the Idaho State Constitution. He asked for clarification regarding any financial impact and if it was a part of the \$320,000 budget. **Mr. Shaner** stated there was no financial impact.

Senator Burgoyne asked if the definition in Idaho Code § 63-3041 is what the Committee is conforming to. **Mr. Shaner** stated that they do adhere to other provisions and there are six statutes that are involved with the conformity process.

Senator Burgoyne asked if, in the six statutes referred to, there were any provision clarifying that by conforming to the code means we are conforming to the federal decisional law to the internal revenue code, revenue rulings, and to IRS regulations. **Mr. Shaner** stated to the end that the taxable income reported each taxable year by a taxpayer per the internal revenue code to the internal revenue service shall be the identical sum reported to the state subject only to the modifications contained in the Idaho law.

Senator Hill opened a discussion to express his concerns and agreed with Senator Burgoyne concerning Idaho Code § 63-3002. He commented that he wanted to vote on conforming to the revenue code statute.

Chairman Rice commented regarding what's being done when there's an adoption code section from another jurisdiction. He stated the interpretational decisional law is informative to the court when making a decision interpreting that code section.

Senator Burgoyne raised concerns about change in the federal courts and how it will affect tax year 2019. **Chairman Rice** clarified that they weren't adopting the decisional law, but it is used by the court in cases as interpretation. It is not binding; it is authoritative but it never becomes part of the code of either jurisdiction.

MOTION: **Senator Hill** moved to send **HB 13** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion. Motion carried by voice vote.

GUBERNATORIAL APPOINTMENT: **Chairman Rice** took up the Gubernatorial appointment of **Leland Heinrich** to the Idaho Board of Tax Appeals, commencing June 30, 2018, expiring June 30, 2021. Mr. Heinrich introduced himself. After completing six years on the Board of Tax Appeals he has thoroughly enjoyed providing a resource for the taxpayer to pursue appeals of their tax problems.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 4:00 p.m.

Senator Rice
Chair

Carol Waldrip
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, January 24, 2019

SUBJECT	DESCRIPTION	PRESENTER
DOCKET No. <u>35-0103-1801</u>	Relating to Property Tax Administration Rules	Alan Dornfest, Bureau Chief Idaho State Tax Commission Property Tax Policy
DOCKET No. <u>35-0103-1802</u>	Relating to Property Tax Administration Rules	Alan Dornfest, Bureau Chief Idaho State Tax Commission Property Tax Policy
DOCKET No. <u>35-0103-1803</u>	Relating to Property Tax Administration Rules	Alan Dornfest, Bureau Chief Idaho State Tax Commission Property Tax Policy

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Carol Waldrip
Room: WW50
Phone: 332-1315
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 24, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: Chairman Rice

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Vice Chairman Grow** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:03 p.m.

DOCKET NO. 35-0103-1801 **Relating to Property Tax Administration. Alan Dornfest**, Bureau Chief, Idaho State Tax Commission (Commission), presented **Docket No. 35-0103-1801**. **Mr. Dornfest** spoke regarding Rule 312 and related partial year assessments. The rule provides counties with procedures for a partial year assessment of properties that had previously been exempt. As of January 1, 2019, there was no longer an exemption for government-owned property that was transferred to private ownership.

Senator Vick asked if there was some reason this issue was brought to the county prosecutors. **Mr. Dornfest** explained it was found to be a legal issue rather than a valuation issue. **Senator Burgoyne** asked for clarification concerning controversy over Rule 312 in the House of Representatives. **Mr. Dornfest** said his office had reviewed the issue and they did not find any concerns.

Mr. Dornfest explained Rule 408, relating to procedures for assessors to request the Commission re-examine the operating property values. Current rules state they can only ask for a re-examination of final values, which are not set until the State Board of Equalization (Board) completes its action at the end of August. There is no procedure in place for the Board to exist after that time, so any re-examination would need to wait until the following year. This rule would change the preliminary values, making them available a month earlier to allow the statutory concern and requirement be fulfilled.

Mr. Dornfest described Rule 610, relating to the homeowners exemption where there are multiple property owners. Last year's revision specified if there is no ownership interest dictated, and the property is owned with another party, it would be a half split. This rule would always defer to the specified ownership if one was provided.

Mr. Dornfest spoke regarding Rules 613 and 614, relating the provision for clearer guidance for assessors to value agricultural land. **Mr. Dornfest** recommended the Committee reject Rules 613 and 614 for further clarification.

Mr. Dornfest advised Rule 630 is being amended because H 591 passed in 2018, adding centrally assessed operating property that could potentially qualify for this exemption. The exemption allows a tax payer making a \$1 billion investment the possibility of being eligible for capping their taxable value in any county at \$400 million. Prior to the passage of that bill, the exemption was limited to locally assessed property. The Commission put in the rule parallel procedures for companies to apply directly. They would both grant and notify local officials, so there would be a precise awareness of the entire system.

Mr. Dornfest explained Rule 709 is a companion rule that provides how much property may be eligible for the circuit breaker property tax reduction program in cases of multiple ownership.

Mr. Dornfest stated Rule 802 is being amended to clarify procedures for special provisions for value increases and decreases. It would enable taxing districts to have additional budget capacity. More property taxes are allowed under this law to levy, if value is added to the new construction role. There are two rules on this issue.

Mr. Dornfest gave a detailed explanation on amendments relating to building permits and construction pertaining to Rule 802. **Vice Chairman Grow** asked if there are timing requirements regarding the building permit versus construction. **Mr. Dornfest** confirmed there are timing issues regarding the provisional exemption.

DISCUSSION:

Senator Lakey and **Mr. Dornfest** discussed provisional exemptions. **Senator Burgoyne** inquired if a piece of property comes into the revenue allocation area as a consequence of formation of the district, or as a consequence of annexation after the district is formed, do they figure the difference between then and the time of dissolution. **Mr. Dornfest** confirmed this.

Mr. Dornfest continued to Rule 803, relating to procedures for taxing districts to use when they submit property tax budget information to counties for approving levies. He stated this rule clarifies additions and subtractions that must be shown when there is replacement money or in lieu of monies. The example he gave was solar farms, which pay an in-lieu tax instead of property tax. If a district receives some of its budget from a solar or wind farm, it can not get money from property tax as well. Also included in this rule are adjustments that were needed for H 559 - tax exempt property, H 392 - energy tax, notification dates, and H 567 - cemetery maintenance districts, all passed in March of 2018.

Mr. Dornfest spoke regarding Rule 804, relating to tax levy, certification and urban renewal districts. He stated this rule tells assessors what to put in the base and what to put in the increment value within urban renewal districts.

DISCUSSION:

Mr. Dornfest reported Rule 962 clarifies definitions related to classification of forest land for property tax purposes. The process used to determine the forest land value under the productivity option shall be as specified in Idaho Code § 63-1705. A discussion ensued between **Senator Nye** and **Mr. Dornfest** regarding a change in rule wording and an alternative method to establish productivity. **Senator Burgoyne** and **Mr. Dornfest** discussed inspector proficiency in terms of these appraisals and classes or accredited college courses that could be taken to become an inspector.

Senator Hill stated he wanted to revisit Rule 312 and asked **Mr. Dornfest** to explain what it is they are trying to accomplish with the rule. **Mr. Dornfest** explained Rule 312 changes a government-owned property from exempt status to taxable status when it is sold to a private person or organization. It becomes taxable quarterly and the assessment is prorated accordingly.

TESTIMONY: **Megan Conrad**, attorney with Elam & Burke, spoke on behalf of the Redevelopment Association of Idaho, which represents urban renewal agencies throughout the state. This rule addresses the interplay between a revenue allocation area and county property tax exemption in Idaho Code § 63-6002. She believes it provides greater clarity and opportunity for unity and application and is consistent with the statutes at issue.

Jeremy Pisca, attorney with Risch Pisca, PLLC, in Boise, stated he was there representing PotlatchDeltic Corporation on Rule 962, the result of efforts of the Committee on Forestland Taxation Methodology (Committee). **Mr. Pisca** advised that Rule 962 did not change any valuation requirements. The bill came to the Committee because there were assessors in north Idaho that changed a parcel's productivity classification, and once those classifications changed, the land owners received a tax increase. Previous legislation (H 462, 2018) instructed the Committee to designate a process by which county assessors may change a parcel's productivity classification and set forth requirements for landowner notification, inspector qualifications and document retention. It then directed the Commission to promulgate rules to implement the process. Rule 926 is the result of those efforts by the Committee. A discussion ensued between Mr. Pisca, Senator Nye, Senator Lakey, and Senator Burgoyne, regarding classification of the forest and inspector qualifications.

Brian Stender, Canyon County Assessor, Assessor's Association Representative on the Rules Committee, stated he attends the meetings when Mr. Dornfest presents the rules. He is available in case additional clarity is required. No additional clarification was requested.

MOTION: **Vice Chairman Grow** moved to approve **Docket No. 35-0103-1801**, with the exception of Rules 613 and 614 requested to be withdrawn by **Senator Nye**. The original request was made earlier in the meeting by Mr. Dornfest. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

A copy of the rules can be found on the Legislative website.

Vice Chairman Grow announced **Docket No. 35-0103-1802** and **Docket No. 35-0103-1803** would be rescheduled.

MOTION: **Senator Hill** made a motion to adjourn for the day. **Senator Nye** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Grow** adjourned the meeting at 4:40 p.m.

Senator Rice
Chair

Carol Waldrip
Secretary

AMENDED AGENDA #2
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, January 29, 2019

SUBJECT	DESCRIPTION	PRESENTER
Gubernatorial Appointment Vote	Leland Heinrich of Cascade, Idaho was re-appointed to the Board of Tax Appeals to serve a term commencing June 30, 2018 and expiring June 30, 2021.	Leland Heinrich
<u>H 0014</u>	Relating to Income Taxes - Amends existing law to revise the method of computing a taxpayer's net operating loss	Tom Shaner, Idaho State Tax Commission
<u>H 0015</u>	Relating to Sales and Use Tax - Amends existing law to provide an exemption from the sales or use tax for any fees associated with public records requests	Tom Shaner, Idaho State Tax Commission
<u>H 0016</u>	Relating to Income Tax - Amends existing law to update terminology regarding employee withholding allowances and withholding allowance certificates	Tom Shaner, Idaho State Tax Commission
<u>H 0017</u>	Relating to Grocery Tax Credit - Amends existing law to revise and update references to the terminology used in the Internal Revenue Code regarding dependent deductions	Tom Shaner, Idaho State Tax Commission

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Carol Waldrip
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MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, January 29, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Cheatham, Anthon, Lakey, Hill, Vick, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:00 p.m.

GUBERNATORIAL APPOINTMENT VOTE: Leland Heinrich, Cascade, Idaho, was re-appointed to the Board of Tax Appeals to serve a term commencing June 30, 2018, expiring June 30, 2021.

Senator Hill moved to send the Gubernatorial appointment of Leland Heinrich to the Board of Tax Appeals to the Senate floor with the recommendation he be confirmed. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**.

H 14 **Relating to Income Taxes - Amends Existing Law to Revise the Method of Computing a Taxpayer's Net Operating Loss.** **Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission), presented **H 14**. This bill will make slight corrections to the tax reform measures of 2018. He noted the legislature has already conformed to both items addressed in the bill. With the passage of H 463 (2018), these edits make it easier to understand and administer. There is no fiscal note since it was formed last year. The first item is in Idaho Code § 63-3021, which pertains to the net operating loss statute. They conformed to the limits set in Internal Revenue Service (IRS) Code 461. He said the IRS adds that to the federal net operating loss, and since Idaho does not conform to that net operating loss, it is in **H 14** as an "add back". He stated it would be easier to understand, and more efficient, if it were in Idaho Code § 63-3022. This would allow people to subtract any amount disallowed that was part of their operating loss and carry forward for federal income tax purposes. A discussion ensued between **Mr. Shaner** and **Senator Hill** regarding IRS Code 461.

MOTION: **Vice Chairman Grow** moved to send **H 14** to the floor with a **do pass** recommendation. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

H 15 **Relating to Sales and Use Tax - Amends Existing Law to Provide an Exemption from the Sales or Use Tax for any Fees Associated with Public Records Requests.** **Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission), presented **H 15**. Idaho Code § 63-3622 exempts official documents from sales tax, while giving some qualifying guidelines for when a fee would be charged. He explained an issue came up when people were asking for photocopies of documents and were

charged sales tax on them. **Mr. Shaner** said in the interest of open government and transparency, it was brought to the Commission's attention, and they suggest a sentence be added for a tax exemption on photo copies. **Chairman Rice** stated he wanted to make it clear there is not a legal violation or tax evasion as long as the sales tax is paid correctly on the transaction. **Mr. Shaner** replied it must be explicitly advertised to the customer what the price is and the amount of tax, although it could be in small print. **Senator Hill** and **Senator Burgoyne** voiced their opinions regarding the exemption on sales tax.

MOTION: **Senator Cheatham** moved to send **H 15** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 16 **Relating to Income Tax - Amends Existing Law to Update Terminology Regarding Employee Withholding Allowances and Withholding Allowance Certificates.** **Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission), presented **H 16**. It replaces the word "exemption" in Idaho Code § 63-3035 with the word "allowance". The tax reform measures passed last year that Idaho conform to H 463 (2018) made exemptions worth zero. The legislature created the child tax credit to partially mitigate the loss of the exemptions. The number of allowances are now used to represent the child tax credits. This bill will not change the withholding process. He stated there is no fiscal impact and it simply allows the Commission to deal with the withholding based on the W-4 that an employee prepares.

MOTION: **Senator Burgoyne** moved to send **H 16** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

H 17 **Relating to Grocery Tax Credit - Amends Existing Law to Revise and Update References to the Terminology used in the Internal Revenue Code Regarding Dependent Deductions.** **Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission), presented **H 17**. He explained they deleted obsolete language in the number of allowances to represent the child tax credits. There is no fiscal impact. **Chairman Rice** asked for clarification regarding Section 152 of the IRS code that defines dependents, and if it is based on providing over 50 percent of the support for individual children, elderly parents, or something else. **Mr. Shaner** explained Section 151 was dealing with personal exemptions and it refers to Section 152, where the dependents are defined; they are eliminating IRS Section 151 and going directly to IRS Section 152, since it has remained the same.

MOTION: **Senator Burgoyne** moved to send **H 17** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:30 p.m.

Senator Rice
Chair

Carol Waldrip
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, January 31, 2019

SUBJECT	DESCRIPTION	PRESENTER
<u>H 19</u>	Relating to Income Taxes	Tom Shaner , Idaho State Tax Commission
DOCKET No. 35-0103-1802	Relating to Property Tax Administration Rules	Alan Dornfest , Bureau Chief Idaho State Tax Commission Property Tax Policy
DOCKET No. 35-0103-1803	Relating to Property Tax Administration Rules	Alan Dornfest , Bureau Chief Idaho State Tax Commission Property Tax Policy

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Carol Waldrip
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, January 31, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, and Nye

ABSENT/ EXCUSED: Senator Burgoyne

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Senator Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:14 p.m.

H 19 **Relating to Income Taxes. Tom Shaner**, Tax Policy Manager, Idaho State Tax Commission (Commission) presented **H 19**, a bill related to income taxes. He stated this bill would add a sentence to Idaho Code § 63-3029L, Idaho Child Tax Credit (2018). This credit is available only to Idaho residents. The partial year resident would receive a proportional credit reflecting the part of the year in which they were domiciled in Idaho. The fiscal impact was incorporated in H 463 (2018), therefore this is a technical correction only. It was effective January 1, 2018, which coincides with the creation of the credit.

MOTION: **Senator Cheatham** moved to send **H 19** to the floor with a **do pass** recommendation. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

DOCKET NO. 35-0103-1802 **Relating to Property Tax Administration Rules. Alan Dornfest**, Property Tax Policy Bureau Chief, Idaho State Tax Commission (Commission) presented **Docket No. 35-0103-1802**, Rule 702, a new rule to implement provisions of H 492 (2018). It provides an additional property tax reduction circuit breaker benefit for veterans with 100 percent service related disabilities. The rule clarifies that the benefit continues for a surviving spouse, provided that person remains in the homestead first receiving the exemption. The rule further clarifies that the surviving spouse may file on behalf of a deceased veteran who could have applied and qualified by April 15th of that year.

MOTION: **Senator Hill** moved to approve **Docket No. 35-0103-1802**. **Senator Vick** seconded the motion. The motion passed by **voice vote**.

DOCKET NO. 35-0103-1803 **Relating to Property Tax Administration Rules. Alan Dornfest**, Property Tax Policy Bureau Chief, Idaho State Tax Commission (Commission) presented **Docket No. 35-0103-1803**, Rule 600. The rule is being amended to implement the new provisional exemption enacted in H 559 (2018). The bill restricted the exemption to property under renovation or construction, clarifying that existing property not part of construction would remain on the tax rolls. Third party ownership could apply for and receive the exemption.

DISCUSSION: **Chairman Rice** and **Mr. Dornfest** discussed the statute of this rule. **Chairman Rice** commented that this rule was re-stating the statute in a way that was not clear.

MOTION: **Chairman Rice** moved to reject **Docket No. 35-0103-1803**. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Grow** adjourned the meeting at 3:30 p.m.

Senator Rice
Chair

Carol Waldrup
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, February 05, 2019

SUBJECT	DESCRIPTION	PRESENTER
<u>H 25</u>	Relating to Annexation; Amending Section 50-222, Idaho Code, to Provide a Requirement Regarding Annexation of Certain Agricultural Land an to Make Technical Corrections; and Declaring an Emergency	Mike Moyle, Representative

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, February 05, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: Senator Vick

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** Called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:03 p.m.

H 25 **Relating to Annexation: Amending Idaho Code § 50-222 to Provide a Requirement Regarding Annexation of Certain Agricultural Land.** **Representative Mike Moyle** presented **H 25**, stating for years there has been considerable discussion on annexation. Idaho is one of only four states that still allow forced annexation. This creates a possibility of taxes increasing 40 to 50 percent without changing the use, and causes land to be turned into development because the owner cannot afford the taxes. The compromise with this legislation is land actively devoted to agriculture stays agriculture; it cannot be annexed by force, only with written consent of the landowner. Regarding the concern over written agreements not carrying forward, the landowner signs with the city and they provide services; the agreement is binding into the future. Large agricultural tracts are not using city services, and it is a benefit to leave them and not force annexation.

DISCUSSION: **Vice Chairman Grow** stated often a piece of land will be sold as five acres, but is actually 4.8 or 4.9 acres. He asked how the entire subdivision is protected if it is surrounded by the city. **Representative Moyle** clarified the land must be five acres or more to be protected. **Vice Chairman Grow** questioned what happens if some in the area meet the criteria for protection from annexation and some do not. **Representative Moyle** responded the city would be required to protect them, perhaps using enclaves. When cities provide services, they are able to grow from the center out.

Senator Nye inquired if he knew the opinion of the Attorney General. **Representative Moyle** responded that the Attorney General's office believes forced annexation is legal, which is a concern to him. **Senator Nye** further questioned if five acres or more can currently be annexed by a city, which **Representative Moyle** confirmed.

Senator Lakey stated he believed annexation as described to be rare, so his question was regarding the emergency clause. **Representative Moyle** objected to this statement, advising that it is not rare. He cited the situation in Middleton, where it would have occurred if not for the city council. Often there is no recourse as they cannot vote for the council until they are annexed. **Senator Lakey** asked the record show that he represents several cities. **Chairman Rice** stated the conflict would be noted. **Senator Anthon** asked the record show he was employed by a city as well.

- TESTIMONY:** **Jerry Mason**, Counsel, Association of Idaho Cities (Association) stated the Association did not wish to enter an objection to the proposal - they are neutral on the matter. However, the Association did agree with Senator Lakey in the opinion that the annexation of agricultural lands by cities is quite rare. **Mr. Mason** advised there was no legal quarrel with the interpretation, it was about communication. The goal was to help people who come to a hearing understand there can be no opposition to something that has been legally consented to. Cities are not looking for annexation of agricultural land; it occurs when someone seeks to change the land use, or when it is surrounded and no longer viable as farmland. There are provisions of Idaho Code, Title 50, Chapter 2, which provide steps whereby any landowner who has agricultural land greater than five acres can petition the court and is excluded from the city as a matter of right.
- DISCUSSION:** **Senator Lakey** concurred with Representative Moyle regarding the written agreement being permission of the owner and usually recorded and binding. **Mr. Mason** stated they are only concerned with civility at a hearing where the owner is third or fourth in a chain, and the original owner consented to annexation in exchange for services. **Senator Burgoyne** advised if a property owner executes a document consenting to annexation in the future, it binds their successors depending on the wording of the document. He then inquired if there are such agreements where the successor being bound is a matter of legal dispute. **Mr. Mason** responded in his experience it does not happen because the property owner has the public utilities they desired.
- TESTIMONY:** **Russ Hendrichs**, Idaho Farm Bureau (Bureau) stated they are in support of **H 25**. It is important to remember most of these farms were originally located outside of a city, and the city has grown and encroached upon the farm. It is hard enough to farm surrounded by city without the additional tax burden if annexed. **Mr. Hendrichs** pointed out that page 2, section 4 of **H 25** defines consent to annexation and how it is binding upon heirs or subsequent purchasers.
- DISCUSSION:** **Representative Moyle** explained how he had purchased property in the past where there had been an agreement filed and recorded that whether the property was divided it remained tied to those separate parcels. The express written permission that is in the language now covers and follows the property. Cities do annex property where consent was written and signed by someone else at a later date. An example would be when Boise ran sewer lines south of town and did not annex properties until years later. Some properties had changed many times and were still annexed because they had a consent for when services were brought. Cities need to move from the center out.
- MOTION:** **Senator Nye** moved to send **H 25** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion.
- DISCUSSION:** **Senator Lakey** stated he would be supporting the motion, and he appreciated the follow up comments. Knowing the consent was binding on subsequent purchasers was important. **Senator Anthon** advised the Committee of his work on annexation matters. He stated in his current position in the last five to six years, city boundaries have grown at 15 percent, all voluntary. There is value in building a consensus in the community to the overall goals moving into annexation. Idahoans favor the policy position to protect our farmland. He also believes this will assist attorneys regarding consent for annexation, get them signed, notarized and recorded, and give adequate notice to future property owners. He concluded it seemed good policy with the various interests protected.
- VOICE VOTE:** The motion to send **H 25** to the floor with a **do pass** recommendation carried by **voice vote**.

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 3:34 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Thursday, February 07, 2019

SUBJECT	DESCRIPTION	PRESENTER
<u>S 1047</u>	Repeals and Replaces Procurement Statute Idaho Code § 67-2807 Related to Political Subdivision	Senator Lori Den Hartog
<u>H 62</u>	Amends Idaho Code § 63-317 and Portions of Title 63, Chapter 7, to Apply Existing Circuit Breaker and Disabled Veterans Residential Property Tax Exemptions to the Occupancy Tax	Senator Burgoyne
<u>Docket No. 35-0101-1801</u>	Relating to Income Tax Administrative Rules	Cynthia Adrian, Income Tax Policy Specialist, State Tax Commission
<u>Docket No. 35-0102-1802</u>	Relating to Sales and Use Tax Administrative Rules	Tom Shaner, Tax Manager, State Tax Commission

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
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MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, February 07, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Senate Local Government and Taxation Committee (Committee) to order at 3:02 p.m.

S 1047 **Repeals and Replaces Procurement Statute Idaho Code § 67-2807 Related to Political Subdivision. Senator Lori Den Hartog**, District 22, presented **S 1047**, a bill to repeal and replace the cooperative purchasing process for political subdivisions. The current statute is outdated and does not serve the needs of Idaho cities, counties and other political subdivisions. Several of those entities took the opportunity to review state code related to state procurement processes, and there has been legislation since that time to update those methods. **S 1047** is intended to provide a more streamlined and efficient process for those local units of government.

Senator Den Hartog introduced Keith Watts, Legislative Chairman of the Idaho Public Purchasing Association and Purchasing Manager for the city of Meridian. **Mr. Watts** stated by combining multiple smaller government agencies, cities are able to increase their purchasing power. When these cooperative agreements are used, small and mid-sized towns, such as Melba or Rexburg, have the same purchasing power as larger cities like Seattle or Los Angeles. **Mr. Watts** referred to the National Association of State Procurement Officers and other government sponsored co-ops the Committee might have heard of. The State is unable to use them due to current statutes. **Mr. Watts** added that many for profit co-ops are no longer accessible, and currently only nonprofit associations are available for our political subdivisions to utilize.

MOTION: **Senator Anthon** moved to send **S 1047** to the floor with a **do pass** recommendation. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

H 62 **Amends Idaho Code § 63-317 and Portions of Title 63, Chapter 7, to Apply Existing Circuit Breaker and Disabled Veterans Residential Property Tax Exemptions to the Occupancy Tax. Senator Burgoyne** presented **H 62**, stating the bill applies a property tax circuit breaker, along with the residential property tax exemption, to the occupancy tax. This is available to 100 percent disabled veterans. The occupancy tax substitutes for real property tax on a residence the first year the residence is occupied. **Senator Burgoyne** stated it came to his attention through a former Board of Tax Appeals member, Linda Pike, who wrote him upon completion of a case she was involved in. The appellants had built a new home which was assessed as new construction. They applied for a circuit breaker and the Ada county clerk said a circuit breaker did not apply to occupancy tax.

They would have met all qualifications had it not been considered new construction. The case was brought before the Board of Tax Appeals, and it was ordered that the decision of the Idaho State Tax Commission (Commission) be upheld. A circuit breaker is defined in Idaho Code § 63-701. 2019 property tax reduction income brackets show a sliding scale; if income goes up, the circuit breaker benefit goes down. The Commission has estimated the cost to the State of reimbursing the counties for the circuit breaker program to be approximately \$68,000.

MOTION: **Senator Vick** moved to send **H 62** to the floor with a **do pass** recommendation. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

DOCKET NO. 35-0101-1801 **Relating to Income Tax Administrative Rules. Cynthia Adrian**, Income Tax Policy Specialist, Idaho State Tax Commission (Commission), stated Rule 015 of Idaho Code § 63-3004 clarifies how the Commission applies federal retroactive provisions. The section also states that uncodified provisions of federal law are included when calculating Idaho taxable income. It follows the provisions that were upheld by the Idaho Supreme Court in the Zippora Stahl case.

DISCUSSION: **Chairman Rice** stated the reason the docket had been previously held was the internal revenue code definition portions being added regarding uncodified provisions in federal law. He was not comfortable with the rules stating something different from the statute.

MOTION: **Chairman Rice** moved to approve **Docket No. 35-0101-1801** with the exception of subsection 02 of Rule 015. **Senator Burgoyne** seconded the motion.

DISCUSSION: **Senator Burgoyne** related his concern with the words "any other provision of federal law" which could be a non internal revenue code provision. There are provisions of federal law and provisions of state law and this type of language could include any relevant provision of federal law that might impact federal tax liability, then by extension state liability.

VOICE VOTE: The motion to approve **Docket No. 35-0101-1801** with the exception of subsection 02 of Rule 015 carried by **voice vote**.

DOCKET NO. 35-0102-1802 **Relating to Sales and Use Tax Administrative Rules. Tom Shaner**, Tax Manager, Idaho State Tax Commission (Commission), referred to administrative appeals Rule 003. This section allows administrative relief as provided in Idaho Code § 63-3626, § 63-3631, § 63-3633, § 63-3634 and § 63-3049, and is a standard rule with reference to making the appeals process as uniform as possible. **Mr. Shaner** proceeded to present Rule 107, noting that since the original presentation, there had been additional written explanation provided. Code section references were added, as well as updated form titles. Most of the previous questions dealt with whether they were adding the word "motor" ahead of "vehicles", or in other places taking the word "motor" out. In certain areas the statute is very specific to motor vehicles, other places it includes any vehicle. **Mr. Shaner** continued that the Commission had replaced "nation" with "country", and noted Senator Rice had previously requested adding the word "vessels" in the non-resident statute Idaho Code § 63-3622R.

DISCUSSION: **Senator Lakey** questioned if all instances of changing "motor vehicle" to "vehicle", including or not including vessels, was intentional based on code provision. **Mr. Shaner** stated it was, that the Commission was trying to be consistent with the definitions and related sections.

Mr. Shaner then presented Rule 110, stating it was the financial institutions themselves who prompted this rule change. Existing rules refer to retailers as being the primary remitter of sales tax. When a financial institution, a bank or credit union, collects sales tax as part of financing, they turn it in to the Commission without a tax permit. Funds would then be received with no account number. This would clarify if you collect and remit sales tax, you need to file using an account number.

Senator Lakey expressed his concern with having to get a permit as specified in subsection 03 of Rule 110. As described in the rule, rather than a permit, it is really an account number. An account number is not something that can be denied. He asked that the Commission consider changing the terminology from "permit" to "account number" as a consumer and business friendly perspective. **Mr. Shaner** responded this had been discussed often, however, it is in statute. In reality, the permit is a simple name and address with no fees and can be canceled at any time. **Senator Hill** agreed with Senator Lakey, explaining he had filed for many sales tax permits for clients and an explanation was always required that they were not just getting permission to pay sales tax to the State. He stated his desire that the Commission go through the statutes per the Governor's Executive Order, and try to clean up some of the language in the rules. With the Commission's help identifying the affected statutes, the Legislature could make policy decisions to improve perception of the Commission.

MOTION: **Chairman Rice** moved to approve **Docket No. 35-0102-1802**. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Grow passed the gavel to Chairman Rice.

ADJOURNED: There being no further business, **Chairman Rice** adjourned the meeting at 3:30 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, February 13, 2019

SUBJECT	DESCRIPTION	PRESENTER
Minutes	Approve the Minutes of Tuesday, January 15, 2019	Senator Cheatham and Senator Nye
Minutes	Approve the Minutes of Thursday, January 23, 2019	Senator Burgoyne and Senator Lakey
Page Graduation	Graduation of the Local Government and Taxation Committee Page for the First Half of the Legislative Session, Mariya Ricks of Shelley, Idaho.	Chairman Rice

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 13, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: Senator Anthon

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:00 p.m.

MINUTES APPROVAL: **Senator Cheatham** moved to approve the Minutes of January 15, 2019. **Senator Nye** seconded the motion. The motion carried by **voice vote**.
Senator Burgoyne moved to approve the Minutes of January 23, 2019. **Senator Lakey** seconded the motion. The motion carried by **voice vote**.

PAGE GRADUATION: **Chairman Rice** honored Page Mariya Ricks from Shelley, Idaho. He requested she come to the microphone and introduce herself and tell the Committee what she had learned. **Ms. Ricks** stated she had gotten to know the Senators on a personal level which gave her a new perspective on government. She now realizes Senators are normal people trying to make the best decisions possible.
Senator Burgoyne asked what she intended to do upon graduation. She replied that ultimately she intends to go to Brigham Young University - Idaho and study illustration, but for now she plans to work the summer and save money for college.
Senator Hill asked if she had a younger sibling we could look forward to also being a page. She revealed she had nine younger brothers and sisters and her next younger sister will most likely apply to be a page next year.
Chairman Rice expressed the gratitude of the Committee for her service by giving her a letter of appreciation signed by the members. He then gave her several gifts from the Committee as well as a letter of recommendation.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:05 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, February 20, 2019

SUBJECT	DESCRIPTION	PRESENTER
Page Introduction	Welcome to our new Committee Page, Lauren Pattee, of Eagle, Idaho	Chairman Rice
<u>H 86</u>	Legislation to Provide a Sales Tax Exemption for the Labor Cost of Adding Accessories to a New Vehicle	Representative Mike Moyle
<u>H 87</u>	Clarifies Idaho Code § 63-602EE to Ensure that all Agricultural Operations are Treated Consistently and Equitable when Agricultural Personal Property is Assessed	Representative Mike Moyle
Minutes	Approve the Minutes of January 16, 2019	Senator Burgoyne and Senator Vick
Minutes	Approve the Minutes of January 17, 2019	Senator Grow and Senator Cheatham
Docket No. 35-0101-1901	To Avoid Taxing Repatriated Dividend Income that had Previously Been Included in Idaho Apportionable Income in a Prior Tax Year	Cynthia Adrian, Tax Policy Specialist, State Tax Commission

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 20, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:07 p.m.

PAGE INTRODUCTION: **Chairman Rice** introduced new Committee Page Lauren Pattee, of Eagle, Idaho. **Ms. Pattee** stated she enjoys snowboarding, skiing, and running. **Senator Hill** requested she tell the Committee how she learned about the page program. **Ms. Pattee** responded that Representative Gayann DeMordaunt had originally informed her, and also Senator Grow who is her sponsor. The Committee welcomed Ms. Pattee.

H 86 **Legislation to Provide a Sales Tax Exemption for the Labor Cost of Adding Accessories to a New Vehicle.** **Representative Mike Moyle**, District 14, presented **H 86**. He reported on a business owner he knew who sells All Terrain Vehicles (ATVs) and was being audited. The owner was being charged sales tax on services to install accessories to the ATVs. **Representative Moyle** contacted the Idaho State Tax Commission (Commission) and was informed the way to fix the problem was to take the ATV home, bring it back the next day, and there would be no sales tax added. In his research, **Representative Moyle** discovered this was a common practice known by many businesses. Therefore, he believes the fiscal impact would be minimal. The bill simply states if you purchase accessories one day, there will be no sales tax on installation the same day.

TESTIMONY: **Pam Eaton**, President, Idaho Retailers Association, testified in support of **H 86**. Several dealers and retailers began being audited approximately five years previously and were told they needed to charge sales tax on labor. This started a conversation with the Commission to determine if the labor really was taxed, what the language was truly saying, and if the audits were legitimate. The Commission attempted to clarify the language, but this resulted in the tax being charged on the same day, not charged if they returned at a later date. The Idaho Retailers Association began telling their members how to get around the sales tax until it became common practice. **H 86** was written to clarify the issue.

DISCUSSION: **Senator Hill** asked anyone from the Commission to come forward for questions. **Tom Shaner**, a Tax Policy Manager with the Commission, came forward. **Senator Hill** inquired if the change was a result of audit, or had sales tax always been charged and we were now changing the policy. **Mr. Shaner** responded it was not a change as much as clarifying the definition of purchase price. Tangible personal property was taxable, and anything to prepare the product up to the sale date was included.

Senator Hill thanked Mr. Shaner and reminded him that the Commission has been requested to point out when definitions are not clear, where perhaps policymakers could provide clarification. When a change in interpretation occurs due to an audit or rule, the Committee needs to be aware in order to ensure the intent of the legislature is followed.

Vice Chairman Grow stated it is unfortunate when people are forced to learn how to get around the system. It is the Committee's responsibility to assure that the law is properly stated, and services are not charged.

MOTION: **Vice Chairman Grow** moved to send **H 86** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

H 87 **Clarifies Idaho Code § 63-602EE to Ensure that all Agricultural Operations are Treated Consistently and Equitably when Agricultural Personal Property is Assessed.** **Representative Mike Moyle** presented **H 87**, a bill dealing with hop equipment. In 2001, Representative Moyle, along with Representative Dolores Crow, brought forward a bill that exempted agricultural equipment from personal property tax. He explained that sometimes a bill's intent is not clear and will be settled through rules and policies. With 44 different counties, there is the possibility of issues being handled inconsistently throughout the state, and hops was an example of that. Senator Hill had encouraged him to find a solution that was equitable for all groups and solved issues before they occurred. **H 87** was the result, with clear intent and language. It removed the references to hops and clarified that harvest and production equipment are exempt, enabling every county to assess properly and equitably.

DISCUSSION: **Senator Burgoyne** questioned how we end up with such disparity across the state. Elected assessors at county level apply the law the way they believe it should be; they are elected officials and allowed to do that.

Senator Hill questioned some of the language, stating he did not see this type of language elsewhere in statute. **Representative Moyle** responded the intent was to broaden the description of harvest production equipment. When the language was narrow, the results were inconsistent with the hops production equipment; one county declared it exempt, while others did not.

TESTIMONY: **Olivia Schroeder**, Commissioner, Idaho Hop Growers Association, testified in support of **H 87**. She relayed that hops have been grown in Idaho since the 1940s.

Roger Batt, Executive Director, Idaho Mint Growers Association, testified in support of **H 87**. He stated they produce 1.8 million pounds of mint oil per year, which is sold in markets nationally and internationally. They had growers who received notification from their county that they would be required to pay taxes on their harvesting equipment. In one of the counties, they had never previously paid taxes on the equipment, and in another had not paid for 18 years. The Idaho Mint Growers Association supports **H 87** as it would create uniformity throughout the state, as well as conform to the statute.

Marv Patton, Executive Director, Milk Producers of Idaho, testified in support of **H 87**.

Bob Naerebout, Idaho Dairymen's Association, testified in support of **H 87**. He relayed that Senator Anthon's county is one of the largest dairy counties in the state, and what would be assessed there might be different than Canyon County. There is a great need for clarification and they believe **H 87** will provide that.

Russ Hendricks, Idaho Farm Bureau, testified in support of **H 87**. He detailed how tours had been set up for tax commissioners and personnel, legislators and assessors, to look at equipment and determine what was appropriate to receive the exemption under statute as originally envisioned. **H 87** is a collaborative effort among the state grower groups, the tax commission, and the assessors.

DISCUSSION: **Senator Burgoyne** stated he believed **H 87** to be consistent with the original intent and he believes uniformity is important. He pointed out that personal property tax should always be narrowly construed.

MOTION: **Senator Burgoyne** moved to send **H 87** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Burgoyne** moved to approve the Minutes of January 16, 2019. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

Vice Chairman Grow moved to approve the Minutes of January 17, 2019. **Senator Cheatham** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Chairman Rice passed the gavel to Vice Chairman Grow.

DOCKET NO. 35-0101-1901 **To Avoid Taxing Repatriated Dividend Income that had Previously Been Included in Idaho Apportionable Income in a Prior Tax Year.** **Cynthia Adrian**, Tax Policy Specialist, Idaho State Tax Commission (Commission), presented **Docket No. 35-0101-1901**, a temporary rule that would expire when the legislative session ends. The Commission requested the rule be extended in order that a proposed rule be brought next session. The rule relates to water's edge treatment of dividends. Water's edge refers to a company that files a federal tax return with income from the Pacific to the Atlantic, including foreign subsidiaries. They would then be eligible to receive an 80 to 85 percent exclusion of foreign dividends. However, the current rule makes it unclear what happens to the remaining 15 to 20 percent. **Ms. Adrian** stated the Commission agreed the language was unclear and they would have a proposed new rule by next session.

TESTIMONY: **Jayson Ronk**, Director, State Government Affairs, Micron Technology, testified in favor of **Docket No. 35-0101-1901**. **Mr. Ronk** reported he had several meetings with the Commission discussing the conflict created by the statute. He asked the Committee to approve **Docket No. 35-0101-1901** in order to allow the Commission to bring a permanent rule forward next legislative session.

MOTION: **Chairman Rice** moved to approve **Docket No. 35-0101-1901**. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

PASSED THE GAVEL: Vice Chairman Grow passed the gavel to Chairman Rice.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:43 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Wednesday, February 27, 2019

SUBJECT	DESCRIPTION	PRESENTER
<u>H 103</u>	Relating to Property Tax Levy Elections; Amending § 34-439A, Idaho Code, to Revise Provisions Regarding Disclosures in Elections to Authorize a Property Tax Levy	Representative Doug Ricks
<u>H 91</u>	Relating to Development Impact Fees; Amending § 67-8203, Idaho Code, to Revise a Definition and to Make Technical Corrections; and Declaring an Emergency	Senator Lori Den Hartog
Minutes	Approve the Minutes of January 24, 2019	Senator Vick and Senator Cheatham
Minutes	Approve the Minutes of January 29, 2019	Senator Nye and Senator Lakey
Minutes	Approve the Minutes of February 5, 2019	Senator Grow and Senator Hill

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, February 27, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Vice Chairman Grow, Senators Hill, Vick, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: Chairman Rice, Senators Anthon and Lakey

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Vice Chairman Grow** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:07 p.m.

H 103 **Relating to Property Tax Levy Elections; Amending § 34-439A, Idaho Code, to Revise Provisions Regarding Disclosures in elections to Authorize a Property Tax Levy. Representative Doug Ricks** presented **H 103**, stating it was a simple bill that would add a paragraph to the laws that govern levies. The Secretary of State's office provides a form that county clerks use to generate levy ballots. They are all very similar, but nowhere do they indicate the actual cost to a taxpayer. **H 103** seeks to clarify that.

DISCUSSION: **Senator Nye** questioned if it is possible to know what the actual cost would be with all exemptions. **Representative Ricks** responded that at the time of the question, at current conditions, cost could be created by a formula which the Secretary of State's office would include on the form for county clerks. County clerks would write the language using the information from the Secretary of State's office when it was time to generate the levy ballot.

Senator Burgoyne thanked Representative Ricks for bringing **H 103** to the Committee. He related he had carried similar legislation previously and wondered how Representative Ricks would respond to adding a requirement that the ballot indicate whether it is a new tax as opposed to a replacement of an existing levy. **Representative Ricks** pointed out the many different types of levies - supplemental, operational, maintenance - which would make it complicated to print a formula, yet there was nothing specifically prohibiting the information being on the ballot. He clarified the goal was to educate homeowners, not lead them to believe there will be no additional cost. A school district retiring a levy could print that on a ballot.

Senator Hill thanked Representative Ricks, reiterating nothing in the law prohibits additional information from the ballot. The question is, how much control does a school district have on other information printed or how the ballot is worded, if the Secretary of State's office provides the template. **Representative Ricks** responded he did not know unequivocally. In his work with the Secretary of State's office, the concern was regarding where the language would be printed. Looking at a tax assessment, there can be more than one levy listed. The goal was to err on the side of simplicity.

- TESTIMONY:** **Brian Stetzman**, private citizen, Iona, Idaho, testified in favor of **H 103**, believing it to be a simple disclosure bill. When taxpayers vote they would see the tax in terms they are most likely to understand: taxable value, not market value. **H 103** passed the House of Representatives as is and the desire is to keep it simple. Historical information gives a false impression that a levy goes forever, and selecting only particular information does not give context. **Mr. Stetzman** stated he was opposed to any changes to **H 103**.
- DISCUSSION:** **Senator Nye** questioned the amount disclosed to the taxpayer. The average annual cost of a proposed levy is per \$100,000, however, it also states the time length of the levy. If a taxpayer pays \$100 per year for 30 years, would the disclosure be \$3000 or \$100. **Mr. Stetzman** replied that most supplemental levies are for two years so the \$100,000 taxable value is on a per year basis.
- TESTIMONY:** **Karen Echeverria**, Executive Director, Idaho School Boards Association (Association), stated there are 600 members across the state. They request the Committee send **H 103** to the amending order. The Association supports transparency and the merits of the bill but believe it will create confusion. **Ms. Echeverria** indicated the reason **H 103** passed unanimously in the House was due to a miscommunication which erroneously led them to believe it would be withdrawn and a floor note was not sent to House members. The Association's suggested language would allow the district to indicate if they were replacing an existing levy with an increase or decrease, or no increase in assessed value. While that language may seem cumbersome for the bill, only one would actually show on the ballot.
- DISCUSSION:** **Vice Chairman Grow** disclosed to Ms. Echeverria that he had served on the West Ada school board for two terms. He wished to clarify her intent to indicate that asking for another levy may be replacing one, showing the net increase and not having it appear as a one-time occurrence. **Ms. Echeverria** replied they have no problem showing cost of the previous levy, cost of the current levy, and the net increase.
- TESTIMONY:** **Michael Law**, private citizen, Kuna, Idaho, testified in support of **H 103**. **Mr. Law** informed the Committee he was a former Kuna school board member and felt it important to leave out the increase or decrease wording. Every new levy is an increase, and the ballot should simply say how much per \$100,000 it will cost the taxpayers per year.
- DISCUSSION:** **Senator Burgoyne** stated his positive opinion of **H 103** while also feeling favorable to the amendment. He believes **H 103** to be what his constituents want.
- MOTION:** **Senator Burgoyne** moved to send **H 103** to the 14th Order of Business for possible amendment. **Senator Nye** seconded the motion.
- DISCUSSION:** **Senator Hill** acknowledged there is merit in having more disclosure, and enabling people to understand what they are voting for. He does believe in giving county clerks leeway, and believes them to be cooperative.
- SUBSTITUTE MOTION:** **Senator Hill** moved to send **H 103** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.
- H 91** **Relating to Development Impact Fees; Amending § 67-8203, Idaho Code, to Revise a Definition and to Make Technical Corrections; and Declaring an Emergency.** **Senator Lori Den Hartog** presented **H 91**, with the purpose to clarify confusion regarding public charter schools and impact fees assessed by local entities. Impact fees may be assessed by a local highway district or city when a school is under construction. Some local entities assess those fees while others do not. Our district schools have the ability to be exempted from impact fees at the time of construction and **H 91** adds the definition that allows for public charter schools to potentially be exempt as well.

Senator Den Hartog clarified the emergency clause in **H 91**, stating it would be in effect for one Meridian charter school only. The school has existed in Meridian for several years and has a new building under construction. They paid impact fees to the county highway district, who stated they did not have the leeway to not assess them under current law. They worked to help develop **H 91**.

DISCUSSION: **Senator Hill** requested assurance from Senator Den Hartog that **H 91** exempts from impact fees only, not any other provisions in the code. **Senator Den Hartog** pointed out that **H 91** allows the entity with a local ordinance related to traffic impact fees to exempt them. It does not require the local entity exempt them, and requires them to treat all public schools the same.

Vice Chairman Grow questioned the retroactivity of **H 91** regarding the charter school under development in Meridian. Does the retroactive emergency clause affect the specific Meridian charter school alone, or how many other charter schools that have paid development impact fees in the past will be affected. **Senator Den Hartog** assured the Committee that no other public charter school is affected.

MOTION: **Senator Burgoyne** moved to send **H 91** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Vick** moved to approve the Minutes of January 24, 2019. **Senator Cheatham** seconded the motion. The motion carried by **voice vote**.

Senator Nye moved to approve the Minutes of January 29, 2019. **Senator Hill** seconded the motion. The motion carried by **voice vote**.

Senator Hill moved to approve the Minutes of February 5, 2019. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Vice Chairman Grow** adjourned the meeting at 3:47 p.m.

Senator Grow
Vice Chair

Machele Hamilton
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
3:00 P.M.
Room WW53
Tuesday, March 05, 2019

SUBJECT	DESCRIPTION	PRESENTER
<u>H 160</u>	Relating to Purchasing by Political Subdivisions; To Provide that a Sole source Declaration may be without an Emergency Declaration	Representative Gerald Raymond
<u>H 161</u>	Relating to Purchasing by Political Subdivisions; To Provide for the Posting of Notice for Solicitations of Information Technology	Representative Gerald Raymond
<u>H 165</u>	Relating to Income Tax Refunds; To Provide for the Designation of an Income Tax Refund or Payment to Certain Trust Accounts and Revise Provisions Regarding Minimum Collection Thresholds	Representative Jim Addis on behalf of Representative Mike Moyle
PRESENTATION:	Idaho Rural Partnership's Efforts to Stimulate Community and Economic Development in Rural Idaho	Jon Barrett, Executive Director, Idaho Rural Partnership
Minutes	Approve the Minutes of January 31, 2019	Senator Nye
Minutes	Approve the Minutes of February 7, 2019	Senator Lakey
Minutes	Approve the Minutes of February 13, 2019	Senator Cheatham

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice	Sen Lakey
Vice Chairman Grow	Sen Cheatham
Sen Hill	Sen Burgoyne
Sen Vick	Sen Nye
Sen Anthon	

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
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MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 05, 2019

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 3:01 p.m.

H 160 **Relating to Purchasing by Political Subdivisions; To Provide that a Sole Source Declaration may be without an Emergency Declaration.** **Representative Jerald Raymond**, District 35, presented **H 160**, brought to him by the Idaho Education Technology Association. Political subdivisions in the state are bound by Idaho Code § 67-2806 requiring they seek competitive bids for goods and services benefiting their citizens. One exception is an emergency declaration with a Board of County Commissioners authorizing spending to mitigate the emergency. The second exception is a sole source declaration indicating only one vendor capable of providing the goods or services. **H 160** allows a sole source declaration to be made, absent an emergency declaration. It would remain a transparent public process, allowing for a technical correction with no impact on State or local funds.

DISCUSSION: **Senator Hill** stated that originally there had to be an emergency declaration and questioned why the provision was in statute. He wished to understand why it was there before making a decision to remove it. **Representative Raymond** responded there had never been a need for a sole source emergency declaration, which is the confusion they are attempting to alleviate with **H 160**.

MOTION: **Senator Hill** moved to send **H 160** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**.

H 161 **Relating to Purchasing by Political Subdivisions; To Provide for the Posting of Notice for Solicitation of Information Technology.** **Representative Raymond** presented **H 161**, on behalf of the Education Technology Association. When a political subdivision seeks to procure information technology equipment in excess of \$100,000, Idaho code requires two notices soliciting bids be published in the official newspaper of the political subdivision two weeks prior to the bid opening date.

Representative Raymond referred to a handout titled "West Ada School District - Elementary Wireless RFP Evaluation." He related he had done an internet search for "RFP for wireless equipment" and there were extensive results available, with the example shown (see attachment 1). The request for proposal was sent in November 2016 and the district opened responses on January 13, 2017. They received six bids in excess of \$100,000. The information received included the total price along with the cost of licensing and support, professional services, training, and miscellaneous expenditures. The report also shows how the bids were reviewed, how they were ranked, and who was awarded the bid.

Representative Raymond pointed out that **H 161** is narrowly defined, as it is for purchases over \$100,000 only. However, it is broad in coverage, as it is not just for school districts but also counties, cities, or any political subdivision seeking to purchase equipment. **H 161** remains a public process and does not preclude anyone from using the current system; it simply codifies our ability to use modern technology in order to reach those who are most able to provide the goods and services being sought.

DISCUSSION: **Senator Lakey** related he has done considerable work as legal counsel to local entities and part of that was documenting when notice was provided. He questioned how that would be accomplished if **H 161** became law. **Representative Raymond** responded that the first page of the example he provided lists the date the posting was made. **H 161** also clarifies that any amendments to an information technology solicitation must be posted in the same place on the political subdivision website and records shall be maintained for six months.

TESTIMONY: **Ryan Gravette**, Technology Director, Idaho Digital Learning Academy, and President, Idaho Education Technology Association testified in favor of **H 161** (see attachment 2).

DISCUSSION: **Senator Hill** asked for clarification regarding legal requirements for notifications. **Mr. Gravette** responded that **H 161** makes no further requirements than current statute, with the main purpose being to generate solicitations. **Senator Nye** questioned if an electronic posting would be in lieu of a newspaper posting. **Mr. Gravette** clarified that **H 161** would allow an online posting to replace a printed one, but both could still be done if desired.

TESTIMONY: **Matt Davison**, Publisher, Idaho Press Tribune, testified against **H 161**. **Mr. Davison** stated his desire to speak directly in opposition of the statement of purpose of **H 161**. **Mr. Davison** related, concerning cost to taxpayers, that Nampa, Vallivue, and Caldwell school districts had spent \$369, \$79, and \$233, respectively, for an entire year. Regarding being burdensome, public disclosure of government spending is never a burden, but a valid way to ensure when large amounts of taxpayer money are being considered. As far as creating unnecessary hurdles, if you search "idahopublicnotices.com" online, every bid from every entity across the state will be shown. In Canyon County there are 122 different government entities and a concerned citizen would have to go to 122 different sites to find the information that the newspaper association has gathered into one. Lastly, the statement of purpose says the current system lacks transparency. **Mr. Davison** wished to point out that everything is currently posted online, does not disappear, and cannot be changed at a later date.

DISCUSSION: **Vice Chairman Grow** inquired if the dollar amount was so insignificant, why would the newspapers care so much about the issue. **Mr. Davison** responded it is not a financial issue; they believe in public notification and the system checks and balances.

TESTIMONY: **Spencer Cook** Idaho Education Technology Association, testified in support of **H 161** stating it will save money, streamline the process and posting requirements, and provide overall transparency. In smaller school districts, posting to a local newspaper does not attract potential bidders as there are no local vendors able to provide the technology needs. Timing is also an issue, as smaller community newspapers may not print daily. School districts are required by law to post financial and contract data to their website, making it practical to also post notices and requests for proposals. The most recent census data shows 77 percent of Idaho households have an internet connection, far greater than newspaper circulation.

- DISCUSSION:** **Senator Burgoyne** stated **H 161** declares the solicitation for bids shall be provided to no fewer than three vendors by written means either by electronic or physical delivery. Current law empowers government entities to notify electronically on their websites if they choose, so he questioned if the issue was cost only. **Mr. Cook** relayed two issues, cost and the time delay of printed newspaper. By statute they must post to the newspaper before they can solicit bids. **Senator Nye** clarified **H 161** relates only to bids on information technology purchases and requested Mr. Cook define information technology. **Mr. Cook** responded that a broad definition would be purchases of a digital nature, anything the information technology department would be in charge of.
- TESTIMONY:** **Ken Burgess**, Partner, Veritas Advisors, Idaho Press Club, testified against **H 161**, representing specifically the Idaho Press Club First Amendment Committee. **H 161** reduces public transparency particularly as it relates to information technology procurements. Information technology vendors live in a digital world sufficient for them to find and respond to requests for proposals. The patrons of a government entity who are paying for the procurement items are those left out. Public notice requirements are not designed to be convenient for the government entity or vendor, but for the public to know where monies are spent.
- TESTIMONY:** **Kate Haas**, Partner, Kestrel West, Idaho Education Technology Association, testified in favor of **H 161**, relating that the purpose of the request for proposal process is to promote competition and value for the taxpayer. The request for proposal is not posted in the paper and the dollar amount is not posted. Dollar amounts are not recognized until an entity lists it on their website after the process has concluded.
- DISCUSSION:** **Senator Vick** questioned if information posted to a website disappears after six months. **Ms. Haas** stated she believed that was not accurate. In the West Ada school district they have all the request for proposals cataloged by year. Also, there are independent websites that cache requests for proposals. Archive.org is an example which has been upheld by the federal courts as a valid, independent source.
- Vice Chairman Grow** inquired if the purchase was below \$100,000 did it require posting in the newspaper. **Ms. Haas** pointed out that purchases were divided into three different categories: zero to \$50,000, \$50,000 to \$100,000, and \$100,000 and above. In the \$50,000 to \$100,000 category, three vendors must be contacted. \$100,000 and above requires an open, competitive 'request for proposal' process.
- TESTIMONY:** **Jeremy Pisca**, Attorney, Risch Pisca Law and Policy, Executive Director, Newspaper Association of Idaho, testified against **H 161**. **Mr. Pisca** relayed to the Committee that **H 161** applies broadly to all subdivisions of local government resulting in hundreds of taxing districts. A newspaper can be used as proof of action and timing if there is ever a legal contest as to the validity of an award. Idahopublicnotices.com is a website the newspaper association started at significant cost, but no additional cost to the taxpayer. Every notice required to be published in a newspaper must be uploaded to that website. If **H 161** is approved and the legal publication notification requirement is removed, the information will no longer be available on the searchable website.
- DISCUSSION:** **Representative Raymond** concluded that **H 161** specifically states information technology notices may be posted electronically on the political subdivision website in lieu of publication in the newspaper; "may" refers to either or both. There are areas of the state where the official newspaper does not reach the patrons in rural school districts and political subdivisions. **H 161** simply codifies language that allows public notices to be posted online where it is easily accessible to anyone.

Senator Anthon thanked Representative Raymond and all who testified, remarking that the world is changing and he believes this is an issue that will continue. Idaho Code § 67-2801 states legislative intent is efficient and cost effective procurement, but also a publicly accountable process. The tradition in Idaho is the more public funds being spent, the more notice there should be. **Senator Anthon** voiced his concern that **H 161** is reversing that policy. He agreed there are places where public notice by newspaper is not adequate and **H 161** was a worthwhile attempt to address the situation.

MOTION: **Senator Anthon** moved to hold **H 161** in committee. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

H 165 **Relating to Income Tax Refunds; To Provide for the Designation of an Income Tax Refund or Payment to Certain Trust Accounts and Revise Provisions Regarding Minimum Collection Thresholds.** **Representative Jim Addis**, District 4, presented **H 165** on behalf of the Red Cross and six other non-profits listed on the Idaho tax return. **H 165** specifically refers to reducing the threshold for one of these non-profits to stay on the tax return, allowing an Idaho taxpayer to voluntarily contribute.

TESTIMONY: **Melinda Merrill**, Board Member, Idaho Chapter, American Red Cross, testified in support of **H 165**, stating the threshold for remaining on the form is \$25,000 in donations through the Idaho Income Tax Return Fund for two years. Due to changes in federal tax law, non-profits are seeing a decrease in donations. **H 165** would lower the threshold from \$25,000 to \$20,000 in order that all seven non-profits remain on the form.

MOTION: **Senator Anthon** moved to send **H 165** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: **Chairman Rice** stated the remaining agenda items would be rescheduled to a later date and adjourned the meeting at 4:16 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

West Ada School District- Elementary Wireless RFP Evaluation

April 17, 2017

Executive Summary

The West Ada School District released a Request for Proposal (RFP) in November of 2016 for wireless access point upgrades to all the district's elementary schools. To ensure potential vendors had an opportunity to assess the wireless network infrastructure at each building and ask questions about the project, a walkthrough of a representative number of elementary buildings occurred on December 1, 2016. The district received and opened responses on January 13, 2017. Table 1, below, contains a summary of the vendors, their products, and associated costs as originally proposed.

Table 1

Bidder	Proposed Manufacturer	Total Cost
CompuNet	Cisco	\$689,636.20
CorePC 1 *	Ubiquiti	\$464,931.00
CorePC 2	Ubiquiti	\$648,141.00
Micro K12	Ruckus	\$840,897.02
Structured	Extreme	\$786,517.76
Tek- Hut	Aerohive	\$469,145.00

The RFP outlines the criteria by which each response was evaluated. This RFP will also be eligible for approximately a fifty percent (50%) reimbursement through the Federal E-Rate program, which mandates the "pricing of goods and services" be the most highly weighted evaluation criteria. The following criteria and associated point values were used for the evaluation of the Elementary Wireless RFP.

Table 2

Criteria	Point Value
Pricing of eligible goods and services	25
Compatibility with District's existing infrastructure	20
Proposer qualifications/Understanding of Need/Experience including certifications	20
Price of ineligible goods and services	15
Past experience with Proposer	10
References	10
Maximum Possible Points	100

The Elementary Wireless RFP allowed vendors to propose a wireless solution that would best meet the needs of the district as outlined in the technical requirements of the specification. An analysis of responses for any technical solution must also include an assessment of the proposed solutions viability. For the West Ada School District, this assessment includes ensuring "Enterprise Class" products and vendors that have the capabilities to support a large organization.

"Enterprise Class" products offer the scalability, reliability, security, manageability, and flexibility to support all fifty-four (54) sites in the district from a central location with limited staff. When evaluating vendors, the District assesses the vendor's proximity, experience, size (both in staffing and financial viability), references and time in business.

It is important to note that during the evaluation process the wireless access point submitted by Core PC Response # 1, was determined to not meet the published bid criteria and was eliminated from consideration.

Summary

Evaluation of individual responses was a difficult and time-consuming process. The evaluation team consisted of Eric Frost (Network Engineer), Jared Desjarlais (Network Administrator), and Devan DeLashmutt (Chief Technology Officer). The pricing evaluation was broken down by the categories of services offered and then further broken down into the cost per access point. Analysis of the other non-pricing categories was difficult as the responses received were from a number of very qualified vendors. A brief analysis of each category follows.

Pricing of eligible goods and services

The RFP categorizes costs associated with each response into the following areas: the cost of access points, per access point licensing fees and support costs, the cost of professional services, and the cost of training and any miscellaneous components and parts. Professional services includes the cost of running additional network cabling where necessary, the cost of the associated parts and hardware, and the setup and configuration of the system. Miscellany accounts for additional costs such as hardware for a controller and protective covers for access point that will be place in gymnasiums. A summary of these costs is in Tables 3 and 4.

Table 3

Bidder	Manufacturer	Total AP Price	Licensing & Support	Professional Services	Training & Misc	Total
CompuNet	Cisco	\$349,637.05	\$86,722.65	\$252,076.50	\$1,200.00	\$689,636.20
CorePC 1*	Ubiquiti	\$156,240.00	\$47,750.00	\$254,891.00	\$6,050.00	\$464,931.00
CorePC 2	Ubiquiti	\$339,450.00	\$47,750.00	\$254,891.00	\$6,050.00	\$648,141.00
Micro K12	Ruckus	\$397,853.54	\$74,095.01	\$368,948.47		\$840,897.02
Structured	Extreme	\$385,331.59	\$78,345.92	\$319,239.47	\$3,600.78	\$786,517.76
Tek-Hut	Aerohive	\$344,470.00	\$23,275.00	\$101,400.00		\$469,145.00

Pricing of goods and services can further be broken down into unit cost. Licensing and Support are calculated per access point and professional services are calculated based upon the number of network drops required. Training and some proposed miscellaneous costs are based upon the project and do not have a per unit cost.

Table 4

Bidder	Total AP Price	# of APs	Price Per AP	Licensing & Support (LS)	LS Per AP	Professional Services (PS)	# of Drops	PS Per Drop	Training & Misc	Total
CompuNet	\$349,637.05	931	\$375.55	\$86,722.65	\$93.15	\$252,076.50	931	\$270.76	\$1,200.00	\$689,636.20
CorePC 1*	\$156,240.00	930	\$168.00	\$47,750.00	\$51.34	\$254,891.00	930	\$274.08	\$6,050.00	\$464,931.00
CorePC 2	\$339,450.00	930	\$365.00	\$47,750.00	\$51.34	\$254,891.00	930	\$274.08	\$6,050.00	\$648,141.00
Micro K12	\$397,853.54	931	\$427.34	\$74,095.01	\$79.59	\$368,948.47	931	\$396.29		\$840,897.02
Structured	\$385,331.59	931	\$413.89	\$78,345.92	\$84.15	\$319,239.47	931	\$342.90	\$3,600.78	\$786,517.76
Tek-Hut	\$344,470.00	931	\$370.00	\$23,275.00	\$25.00	\$101,400.00	390	\$260.00		\$469,145.00

Due to complexities of the environment and the RFP, vendors submitted different quantities for both access points and professional services. After clarifying phone calls with each vendor the following table was created to account for these discrepancies and to fairly evaluate and score the "Pricing of eligible goods and services" category.

Table 5

Bidder	Total AP Price	# of APs	Price Per AP	Licensing & Support (LS)	LS Per AP	Professional Services (PS)	# of Drops	PS Per Drop	Training & Misc	Total
CompuNet	\$349,637.05	931	\$375.55	\$0.00	\$0.00	\$105,595.96	390	\$270.76	\$1,200.00	\$456,433
CorePC 1	\$156,408.00	931	\$168.00	\$47,750.00	\$51.29	\$106,889.77	390	\$274.08	\$6,050.00	\$317,091
CorePC 2	\$339,815.00	931	\$365.00	\$47,750.00	\$51.29	\$106,889.77	390	\$274.08	\$6,050.00	\$500,504
Micro K12	\$397,853.54	931	\$427.34	\$74,095.01	\$79.59	\$154,554.14	390	\$396.29		\$626,502
Structured	\$385,331.59	931	\$413.89	\$78,345.92	\$84.15	\$133,730.82	390	\$342.90	\$3,600.78	\$601,009
Tek-Hut	\$344,470.00	931	\$370.00	\$23,275.00	\$25.00	\$101,400.00	390	\$260.00		\$469,145

All changes from bidder's original submission are highlighted in red and a summary of those changes is noted below.

- **CompuNet Licensing and Support** – The per unit cost for licensing and support was reduced to \$0.00, eliminating \$86,722.65 from the total cost. The District currently owns Cisco Wireless controllers and equipment, upgrading to the access points in the RFP would allow the existing licenses and support contracts to be used.
- **CorePC Number of Access Points** – A total of 931 access points were requested in the RFP. CorePC incorrectly submitted pricing for 930 access points. The per unit cost was used to calculate the Total AP Price and the Total Costs for Licensing and Support for 931 access points.
- **Number of network cables (drops)** – To ensure that the new access points would be properly installed the District assumed that a number of network cables would need to be replaced or moved at the time of installation. In discussions with vendors, it was determined that the RFP language specifying the number of network cables was confusing, as Tek-Hut was the only vendor to include pricing on the correct number of drops. The per unit pricing and the correct number of drops was used to calculate the Total Cost of Professional Services, for all other vendors.

A summary of the scores for the pricing of eligible goods and services is in the Table 6.

Table 6

Scoring - Price of eligible goods and services (25 Points)				
Vendor	Reviewer #1	Reviewer #2	Reviewer #3	Final Score
CompuNet	25	25	25	25
CorePC 1				--
CorePC 2	15	17	20	17.33
Micro K12	10	5	10	8.33
Structured	9	10	15	11.33
Tek-Hut	22	22	23	23.33

Compatibility with District's existing infrastructure

Points in this category were awarded based on the compatibility of the District's current infrastructure with the equipment submitted by the bidder. Proposals, which work entirely within the scope of existing infrastructure, receive the maximum number of points. Proposals requiring the purchase of additional equipment receive points based on the expected burden it would place on the District.

Table 7

Scoring – Compatibility with District's Existing Infrastructure (25 Points)				
Vendor	Reviewer #1	Reviewer #2	Reviewer #3	Final Score
CompuNet	20	20	20	20
CorePC 1				--
CorePC 2	5	5	3	4.33
Micro K12	6	5	10	7
Structured	7	5	10	7.33
Tek-Hut	4	5	10	6.33

Proposer Qualifications/Understanding of Need/Experience (including certifications)

Points in this category were awarded based upon the vendor's company size, number of staff located in the Treasure Valley, number of staff with certifications and enterprise level wireless experience, experience supporting contracts with companies as large, or larger, than the West Ada School District, and technical criteria submitted in the proposal. A summary of these three areas is located in the next table.

Table 8

Scoring Proposer Qualifications/Understanding of Need/Experience (20 Points)				
Vendor	Reviewer #1	Reviewer #2	Reviewer #3	Final Score
CompuNet	18	19	18	18.33
CorePC 1				--
CorePC 2	4	5	5	4.67
Micro K12	10	10	12	10.67
Structured	14	17	15	15.33
Tek-Hut	5	7	10	7.33

Price of ineligible goods and services

As previously noted, this RFP is E-Rate eligible. As such, the RFP evaluation must separately evaluate any goods and services that are not eligible for E-Rate reimbursement. Since no ineligible goods and services were requested, all vendors were awarded full points for this category.

Table 9

Scoring Pricing of Ineligible Goods and Services (15 Points)				
Vendor	Reviewer #1	Reviewer #2	Reviewer #3	Final Score
CompuNet	15	15	15	15.00
CorePC 1				--
CorePC 2	15	15	15	15.00
Micro K12	15	15	15	15.00
Structured	15	15	15	15.00
Tek-Hut	15	15	15	15.00

Past experience with Proposer

Members of the evaluation team have a number of years of experience with several of the bidding vendors. There were a total of 10 points possible in this category. Points were awarded based upon the experience with the vendor, the vendor's sub-contractors, and experience with the proposed wireless network system. Having this category in the selection criteria allows us a means to quantify our past and current experience with any vendors that have shown themselves compatible with the needs of the District. A based score of three (3) is awarded to vendors in which the District does not have any current working relationship. Establishment of a base score in this category allows the evaluation team to rate the current working relationship with existing vendors and score them either higher or lower than new vendors. The evaluation team also used information gathered during the bid evaluation process itself to adjust scores in this category.

Table 10

Scoring of Past Experience with Proposer (10 Points)				
Vendor	Reviewer #1	Reviewer #2	Reviewer #3	Final Score
CompuNet	10	10	8	9.33
CorePC 1				--
CorePC 2	4	4	3	3.67
Micro K12	4	4	3	3.78
Structured	0	0	0	0.00
Tek-Hut	5	6	7	6.00

References

Points in this section were awarded for references showing experience with educational institutions that had equal or larger student populations than West Ada School District as well as the number of wireless devices used at those institutions. A total of 10 points were possible in this category.

Table 11

Scoring of References (10 Points)				
Vendor	Reviewer #1	Reviewer #2	Reviewer #3	Final Score
CompuNet	9	9	9	9.00
CorePC 1				--
CorePC 2	2	3	2	2.33
Micro K12	6	7	6	6.33
Structured	4	7	6	5.67
Tek-Hut	5	5	5	5.00

Recommendation

A summary of the scores for all categories is found in Table 11. The highest score in each category is bold and underlined for reference. CompuNet had the highest rated response with 96.67 total points.

Table 12

Criteria	Points Possible	CompuNet	CorePC 1	CorePC 2	Micro K12	Structured	Tek-Hut
Pricing of eligible goods and services	25	<u>25.00</u>	--	17.33	8.33	11.33	<u>23.33</u>
Compatibility with District's existing infrastructure	20	<u>20.00</u>	--	4.33	7.00	7.33	6.33
Proposer qualifications/Understanding of Need/Experience including certifications	20	<u>18.33</u>	--	4.67	10.67	15.33	7.33
Price of ineligible goods and services	15	<u>15.00</u>	--	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>	<u>15.00</u>
Past experience with Proposer	10	<u>9.33</u>	--	3.67	3.67	0.00	6.00
References	10	<u>9.00</u>	--	2.33	6.33	5.67	5.00
Total	100.00	<u>96.67</u>		47.33	51.00	54.67	63.00

It is the recommendation of the RFP evaluation team that the District Board of Trustees award the Elementary School Wireless Contract to CompuNet in the amount of \$456,433.01.

Idaho Statesman



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Publication City and State:

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Publication County:

Ada

Notice Popular Keyword Category:

Notice Keywords:

request for proposal information technology

Notice Authentication Number:

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2762295933

Notice URL:

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Notice Publish Date:

Thursday, February 14, 2019

Notice Content

The McCall-Donnelly Jt. School District No. 421 will be seeking proposals for Internet, Wide- Area-Network, and managed wireless local area network. A Request for Proposal and all other information will be available at the District Office, 120 Idaho St., McCall and on the District webpage at www.mdsd.org under the technology department. For further information contact Matt Cavallin, Director of Information Technology at 208-634-2161

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HB 161

Ryan Gravette - IETA President
<https://bit.ly/2H0Kz8T>



The current legislation 67-2806

Rules for “Contemplating Expenditure”

\$100,000 +

- Open, competitive Sealed Bid Process
- 2 Notices “**Soliciting Bids**” shall be published in the newspaper.
 - First notice 2 weeks before bid opening, the second 7 days prior to bid opening.
 - “The notice shall succinctly describe the personal property and/or services to be acquired.”



Key 2.

For \$100,000 plus, the only solicitation required is

Newspaper Postings



LEGAL NOTICE
ADVERTISEMENT FOR BID
#P1801808

Sealed bids will be received by the Boards of Trustees of the Independent School District of Boise City, Administration Building, 8169 W. Victory Road, Boise, Idaho, until 2:00 p.m.

Next Generation Firewalls for the Boise School District.

be available to actual bidders at the Office of the Purchasing Supervisor, 8169 West Victory Road, Boise, Idaho 83709 or by emailing scott.engum@boiseschools.org.

Bids received after the time of opening shall not be considered, and no bidder may withdraw his bid after the hour set for the opening, or before award of purchase order unless said award is delayed.

All bids on shall be opened and read aloud at the office of the Purchasing Supervisor at 8169 West Victory Road, Boise, Idaho immediately after the closing hour for said bid, as indicated in this notice.

The Board of Trustees reserves the right to reject any or all bids or to waive any informality, or to accept the bid or bids deemed best for the Independent School District of Boise City.

INDEPENDENT SCHOOL DISTRICT OF BOISE CITY
Jennette Clark, Clerk, Board of Trustees

0004010844-01

Boise School District

- Solicitation for Next Generation Firewalls
- \$91.50



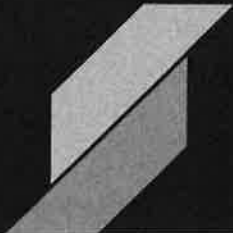


Key 5.

Our proposed legislation only impacts:

Information Technology

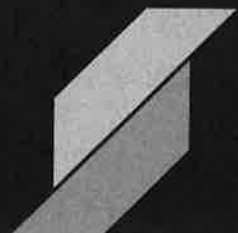




Efficient

Financial Cost

- Thousands of dollars spent annually **Soliciting Bids** for technology in local newspapers.
- A built in tax every time a posting occurs



Efficient

- Effort
 - On average, no less than two school district individuals are involved in preparing and posting a bid notification.

Effective

- Look for houses?
- Buy and Sell in the Classifieds?
- Sellers in Glenns Ferry interested in firewalls?

Plummeting Newspaper Ad Revenue Sparks New Wave of Changes

With global newspaper print advertising on pace for worst decline since recession, publishers cut costs and restructure

By Suzanne Vranica and Jack Marshall • Oct. 20, 2016 5:30 a.m. ET



Effective

LEGAL NOTICE

ADVERTISEMENT FOR BIDS High School Wireless Infrastructure BID #802401

The Board of Trustees of West Ada School District is soliciting sealed bids for High School Wireless Infrastructure. Bids will be received at the Board of Trustees, 83642, on Wednesday, January 24, 2018, at 3:00 PM MDT. Bidders and other interested parties are invited to be present at the bid opening. Bids received after the bid opening time will not be considered and no bidder may withdraw his/her bid after the time set for opening or before bid award unless said award is delayed for a period exceeding thirty (30) days.

Specifications, including bidding documents, specific instructions for submission of bids, and conditions of agreement, are available at the District Service Center, located at 1303 E Central Drive, Meridian, ID 83642, on the Purchasing page of the District's website at <http://www.westada.org/domain/3630>, via e-mail at purchasing@westada.org, or online at <http://tinyurl.com/yvgldob6>. You may need to create an account to access the documentation.

Each bid exceeding \$50,000 must be accompanied by a bid bond with a surety company licensed to do business in Idaho or a certified/cashier's check drawn on an Idaho Bank in an amount not less than five per cent (5%) of the total bid, made payable to Joint School District No. 2. In the event of the successful bidder's failure to execute the contract, this bid surety may be forfeited to Joint School District No. 2 at the sole discretion of the Board of Trustees.

The Board of Trustees of Joint School District No. 2 reserves the right to disregard all non-conforming, non-responsive or conditional bids, to waive any minor informality/irregularity, to reject all bids, or to accept the bid or bids it deems best.

Dated November 28, 2017

West Ada School District

Mike Carrithers, Purchasing Agent

Pub. Dec. 26, 2017, Jan. 2, 2018

0003448852-01

2 Imprints

VS

22 Page RFP

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Thank You

<https://bit.ly/2U37vHt>

Efficiency - Effectiveness

TITLE 60
PUBLIC PRINTING AND OFFICIAL NOTICES

CHAPTER 1
CONTRACTS FOR PRINTING - PUBLICATION OF NOTICES

60-105. RATES FOR OFFICIAL NOTICES. (1) On and after October 1, 2007, the rate to be charged for all official notices required by law to be published in any newspaper in this state, by any state, county, municipal official or other person, shall be as follows: seven and one-half cents (7.5¢) for each pica in a column line for the first insertion and six and one-half cents (6.5¢) for each pica in a column line for each subsequent insertion. For table and figure matter, the rate shall be eight and one-half cents (8.5¢) for each pica in a column line for the first insertion, and six and one-half cents (6.5¢) for each pica in a column line for each subsequent insertion. In the event that a column line ends in a one-half (1/2) pica measurement, the rate for such one-half (1/2) pica shall be one-half (1/2) the rate established for a full pica for the type of matter set forth herein. For purposes of this section, the type used shall not be smaller than seven (7) point nor greater than eight (8) point.

(2) On and after October 1, 2008, the rate to be charged for all official notices required by law to be published in any newspaper in this state, by any state, county, municipal official or other person, shall be as follows: eight cents (8¢) for each pica in a column line for the first insertion and seven cents (7¢) for each pica in a column line for each subsequent insertion. For table and figure matter, the rate shall be nine cents (9¢) for each pica in a column line for the first insertion, and seven cents (7¢) for each pica in a column line for each subsequent insertion. In the event that a column line ends in a one-half (1/2) pica measurement, the rate for such one-half (1/2) pica shall be one-half (1/2) the rate established for a full pica for the type of matter set forth herein. For purposes of this section, the type used shall not be smaller than seven (7) point nor greater than eight (8) point.

History:

[(60-105) 1907, p. 27, sec. 1; reen. R.C. & C.L., sec. 1477; C.S., sec. 2339; I.C.A., sec. 58-105; am. 1951, ch. 29, sec. 1, p. 41; am. 1955, ch. 135, sec. 1, p. 274; am. 1971, ch. 35, sec. 1, p. 80; am. 1980, ch. 124, sec. 1, p. 280; am. 1981, ch. 131, sec. 1, p. 220; am. 1984, ch. 224, sec. 1, p. 541; am. 1988, ch. 214, sec. 1 and 2, pgs. 404, 405; am. 1996, ch. 427, sec. 1, p. 1454; am. 1999, ch. 281, secs. 1 & 2, pgs. 702 and 703; am. 2007, ch. 260, sec. 1, p. 773.]

LEGAL NOTICE

**Nampa School District
No. 131**

**Request for Proposals for
Wireless Access Point
Hardware & Installation**

Notice is hereby given that sealed proposals will be received by the Board of Trustees of Nampa School District No. 131, Idaho, for **Wireless Access Point Hardware & Installation.**

All proposal respondents must be registered, approved vendors with USAC, have a Service Provider Installation Number (SPIN), and be capable of providing E-File services including Service Provider Invoicing (SPI) billing.

Proposal documents and detailed specifications are available on the Nampa School District website at www.nsd131.org/District, under the menu listing Purchasing/Bids or may be acquired by contacting the district office. Questions regarding the RFP may be directed to Scott Jacobson, Budget/Purchasing Supervisor, 619 S. Canyon St., Nampa, ID 83686, Monday through Friday, between the hours of 8:00 am and 3:30 pm.

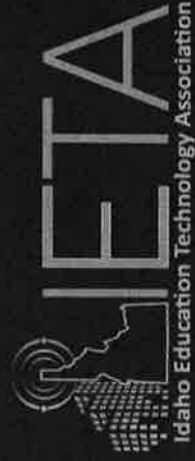
Proposals must be received by 2:00 pm local time Thursday, February 8, 2018 by the Clerk of the Board of Nampa School District, 619 S. Canyon St., Nampa, ID 83686. Proposals received after this date and time will not be considered. At the stated date and time, the proposals will be publicly opened.

The Board of Trustees reserves the right to accept or reject any or all proposals and to waive any technicality. No bidder may withdraw its proposal after the opening of such proposals.

Clerk, Board of Trustees
Nampa School District
No. 131
619 S. Canyon St.
Nampa, ID 83686

January 12, 23, 2018

73 lines 1 column 105.74 - Press Tribune



AMENDED AGENDA #1
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Tuesday, March 12, 2019

SUBJECT	DESCRIPTION	PRESENTER
Minutes	Approve the Minutes of January 31, 2019	Senator Nye
Minutes	Approve the Minutes of February 7, 2019	Senator Lakey
Minutes	Approve the Minutes of February 13, 2019	Senator Cheatham
<u>H 184</u>	Relating to Financial Audits; To Revise Provisions Regarding Expenditure Levels of Local Governmental Entities Subject to Audits	Representative Mike Moyle and Senator Bert Brackett
<u>H 201</u>	Relating to Nonschool Taxing Districts and Property Tax Levies	Representative Marc Gibbs and Senator Mark Harris
<u>H 164</u>	Relating to Property Assessment Equalization; To Revise Provisions Regarding the Equalization of an Assessment of a Category of Property	Senator Dean Mortimer and Seth Grigg

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 12, 2019

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: Senator Vick

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 2:02 p.m.

MINUTES APPROVAL: **Senator Nye** moved to approve the Minutes of January 31, 2019. **Vice Chairman Grow** seconded the motion. The motion carried by **voice vote**. **Senator Burgoyne** requested to be recorded as abstaining as he was absent from the meeting.

Senator Cheatham moved to approve the Minutes of February 13, 2019. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

Senator Lakey moved to approve the Minutes of February 7, 2019. **Senator Nye** seconded the motion. The motion carried by **voice vote**.

H 184 **Relating to Financial Audits; To Revise Provisions Regarding Expenditure Levels of Local Governmental Entities Subject to Audits**, presented by Representative Mike Moyle, District 14, and Senator Bert Brackett, District 23. **Representative Moyle** detailed how all taxing entities with a budget exceeding \$250,000 are required to do audits annually. Budgets of \$100,000 to \$250,000 are allowed a biennial audit, and those below \$100,000 are exempt from minimum audit. Problems occur when a taxing district might go above or below the \$100,000 threshold. The average cost of an audit is \$10,000, even if the entity had minimal transactions. With a \$100,000 budget, 10 percent is going towards an audit. **H 184** changes the minimum budget required for audit to \$150,000.

MOTION: **Senator Lakey** moved to send **H 184** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion.

DISCUSSION: **Senator Burgoyne** stated there are too many taxing districts, often too small. Smaller districts do not have the necessary resources to do what government is required to do and **H 184** supports that. **Senator Burgoyne** advised the Committee he would be voting no.

VOICE VOTE: The motion to send **H 184** to the floor with a **do pass** recommendation carried by **voice vote**, with **Senator Burgoyne** requesting that he be recorded as voting nay.

H 201

Relating to Nonschool Taxing Districts and Property Tax Levies, presented by Representative Marc Gibbs, District 32, and Senator Mark Harris, District 32. **Senator Harris** referred to a packet of information regarding **H 201** which included a letter from an ADA Inspector, a letter from the U.S. Attorney, a court order, and a bond schedule (see attachment 1). **Senator Harris** related that Bear Lake County courthouse was built in the late 1880s, and is not able to pass an Americans with Disabilities Act (ADA) inspection. An attorney has threatened a lawsuit regarding non-compliance to the ADA and has been monitoring the progress on a monthly basis. Bear Lake County has held three bond elections over the last five years. The first one received 54 percent, the second one 61 percent, and the most recent election received 66.4 percent. They have been ordered by the court to build a new courthouse, but have not been provided a funding mechanism. **H 201** provides a narrow window that would allow Bear Lake County to exceed their 3 percent budget cap. It could also increase the levy to generate the bond payment.

Senator Harris pointed out the parameters of **H 201**. It would only affect counties with a population of less than 7,500 people. They would be required to have held three bond elections in the last five years, and received judicial confirmation after March 1st of 2018 and before December 31, 2019. **H 201** would sunset on December 31, 2019 and the levy would retire when the bond is paid.

DISCUSSION: **Senator Hill** questioned why **H 201** specified only the period through December 31, 2019. **Senator Harris** responded it was intentional to confine **H 201** to the Bear Lake County situation.

MOTION: **Senator Grow** moved to send **H 201** to the floor with a **do pass** recommendation. **Senator Nye** seconded the motion.

Senator Burgoyne emphasized that overriding the voter is wrong. The policy should be either to abide by election results, or not hold the election. **Senator Hill** pointed out the situation is subject to court order due to safety issues. **Senator Nye** commented that he was familiar with the courthouse and felt the building to be unsafe. He believed **H 201** to be a worthy endeavor and urged the Committee to pass it.

VOICE VOTE: The motion to send **H 201** to the floor with a **do pass** recommendation carried by **voice vote**, with **Senator Burgoyne** requesting that he be recorded as voting nay.

H 164

Relating to Property Assessment Equalization; To Revise Provisions Regarding the Equalization of an Assessment of a Category of Property. Presented by Senator Dean Mortimer, District 30, and Seth Grigg, Executive Director, Association of Counties. **Mr. Grigg** disclosed that county assessors are responsible for determining market value of property within a county. County commissioners, sitting as a county board of equalization, fix that value. Idaho law grants the State Tax Commission (Commission) the authority to sit as a board of equalization to equalize categories of property. This ensures uniformity across the state, particularly in joint districts that cross county boundaries. **Mr. Grigg** advised that **H 164** will guarantee notification to counties by April 1 if the Commission feels land is improperly assessed or categorized. They also must provide information or data regarding the assessment. If the Commission fails to do so, they would not be allowed to equalize until the following year. **H 164** also has a provision that if a county changes values after the April 1 deadline, an equalization order can be made. Lastly, there is a provision that would require notice from the county to those owners whose properties are being equalized.

- DISCUSSION:** **Senator Hill** asked for clarification regarding the April 1 deadline. If the Commission misses the date, are they still allowed to make any necessary changes in the future. **Mr. Grigg** responded that was correct, but it must be done by April 1 to go into effect that year. **Senator Burgoyne** questioned if the assessor or board makes an error with no April 1 deadline, does the affected taxpayer have any recourse. **Mr. Grigg** explained the county commissioners meet as a board of equalization through the month of June. The taxpayer has recourse based on the board of equalization's decision. Taxpayers would be made aware and be in agreement with the county equalized values. Then the Commission would equalize and raise the county values, at which point the taxpayer would have no recourse until the following year. **H 164** would allow the county time to work with the Commission to ensure a proper valuation prior to the board of equalization while the taxpayer has recourse.
- TESTIMONY:** **Russ Hendricks**, Director of Governmental Affairs, Idaho Farm Bureau, testified in favor of **H 164**. The timing of notices allows landowners the opportunity to work with their county on individual land packages. The benefit of **H 164** is requiring the Commission to provide the data on why a particular category of land must be changed or equalized from what the county assessor has done.
- Ken Roberts**, Chairman, Idaho State Tax Commission, testified in support of **H 164**, believing it very much in line with improving communication between the Commission and counties. Consistency in methodologies used for developing property values are important. Idaho has 41 counties that have joint school districts. It is a constitutional requirement of the Commission to equalize values across county lines. The Commission is in support of the transparency and notification of **H 164**.
- MOTION:** **Senator Hill** moved to send **H 164** to the floor with a **do pass** recommendation. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.
- ADJOURNED:** There being no further business at this time, **Chairman Rice** adjourned the meeting at 2:29 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary



Living Independently For Everyone, Inc.
P.O. Box 4185
Pocatello, Idaho 83205

October 2, 2017

To Whom It May Concern:

On September 6th, 2017, Dean Nielson and Tina Dressel, employees of Living Independently For Everyone, Inc. (LIFE), met with Wayne Davidson at the Paris, Idaho courthouse. The purpose of the meeting was to do an Americans with Disabilities Act (ADA) assessment on this building.

Background

LIFE, Inc. is a 501 (C)(3) private corporation with six Board of Directors with offices in Idaho Falls, Blackfoot, Pocatello, and Burley and covers sixteen southeast counties in Idaho. The mission of LIFE, Inc. is "to enable people with disabilities to manage their own lives, make their own choices, and give them information and knowledge to assist them to live with dignity and bravado". LIFE staff advocates strongly for disability rights of which the Americans with Disability Act (ADA) is a central core. LIFE, Inc. is also a partner in the Northwest ADA Center-Idaho. The purpose of the Northwest ADA Center-Idaho is to promote voluntary compliance with the Americans with Disabilities Act (ADA) by providing informal technical assistance, public awareness, and training.

Dean has been the Executive Director of LIFE for the past twenty- two years and has done many ADA and Fair Housing reviews during this time. He has served as the Chairperson of the Idaho State Independent Living Council, served as a Commissioner on the Idaho State Blind Commission, and many committees in Idaho Falls and Pocatello dealing with disability rights. He has also conducted Federal Reviews of Independent Living Centers with the Department of Education, Rehabilitation Services Administration across the United States.

Tina has been a staff member for nineteen years and has also done many reviews concerning ADA and Fair Housing issues. She has done Fair Housing work with the United States Department of Rural Development and is a tester for the Intermountain Fair Housing Council. She is currently a Board member on the Idaho Disability Rights Council.

Title II

Title II of the ADA regulations covers public entities, which include state and local government. Programs, services, and activities are covered within this Title II. The public courthouse, located in the city of Paris, and is the county seat of Bear Lake County falls within the regulations of Title II. Title II ensures that individuals with disabilities are not to be excluded from the services, programs, and activities because of the Bear Lake County Courthouse.



U.S. Department of Justice

*United States Attorney
District of Idaho*

Mailing Address:

800 E. Park Blvd. Suite 600
Boise, ID 83712-7788

Tel: 208/334-1211
FLU Fax: 208/334-9375
Civ Div Fax: 208/334-1414
Crim Div Fax: 208/334-1413
DTF Div Fax: 208/334-1413

December 7, 2017

Bear Lake County Commissioners
Bear Lake County Courthouse
7 East Center Street
P.O. Box 190
Paris, Idaho 83261

Re: Bear Lake County Courthouse
U.S. Attorney No. 2017V00175

Dear Commissioners:

Thank you for your time showing me the Bear Lake County Courthouse (the "Courthouse"). As you know, the Courthouse houses many county services, including the clerk's office, the assessor's office, the motor vehicles office, the building permit office, and the court. The Department of Justice (the "Department") received information that the Courthouse (and thus most county services) is not being operated in compliance with Title II of the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12131-12134 (the "ADA"), and the Department's implementing regulations, 28 C.F.R. Part 35. In response to that information, the Department opened an investigation and initiated a compliance review. This compliance review is being conducted pursuant to the Department's congressionally mandated responsibility to conduct ADA compliance reviews and implementing regulations, including 28 C.F.R. § 35.172.

As you know, I visited the Courthouse as part of the compliance review. Based on that visit, it appears that the Courthouse is not being operated in compliance with the ADA, which requires that Bear Lake County make its programs, services and activities accessible to qualified individuals with disabilities. *See* 42 U.S.C. § 12132; 28 C.F.R. §§ 35.130, 35.150, 35.160. The Courthouse is not accessible to persons in wheelchairs, in that a person in a wheelchair cannot, among other things: (1) enter the building unassisted; (2) use the restroom facilities unassisted; (3) maneuver through the Courthouse offices (e.g., the clerk's office, the tax collector's office, the motor vehicle office, the assessor's office, etc.); or (4) access the courtroom. Thus, a disabled person would be unable physically to access any of the county services housed in the Courthouse.

Because Bear Lake County appears to be out of compliance with ADA standards, you have the option to enter into a Voluntary Compliance Agreement with the Department whereby you voluntarily agree to upgrade the Courthouse's facilities or provide alternative programmatic

STEVEN R. FULLER -2995
FULLER & FULLER, PLLC
P.O. Box 191
24 North State
Preston, ID 83263
Telephone (208) 852-2680
FAX NO. (208) 852-2680

DISTRICT COURT
SIXTH JUDICIAL DISTRICT
2018 MAR 23 PM 11:11
CINDY L. L. CLERK
DEPUTY CLERK CASE 18-11

IN THE DISTRICT COURT OF THE SIXTH JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF BEAR LAKE

In Re:

BEAR LAKE COUNTY,
An Idaho Political Subdivision,

Petitioner

CASE NO. CV-18-11

JUDGEMENT

The Court having entered its Findings of Fact and Conclusions of Law in the
above-entitled action, and good cause appearing therefore,

THE COURT ENTERS ITS JUDGMENT AS FOLLOWS:

1. The Judicial Confirmation Law Title 7, Chapter 13, Idaho Code, is valid and constitutional.
2. The proposed indebtedness of Bear Lake County, Idaho, for the construction of a

BEAR LAKE COUNTY, IDAHO

GENERAL OBLIGATION BONDS, SERIES 2018
PRINCIPAL AMOUNT \$2,970,000

RECEIPT FOR PROCEEDS OF BONDS

I, the undersigned, the duly qualified and acting Treasurer of Bear Lake County, Idaho (the "County"), hereby certify and acknowledge that on the date hereof I received from Piper Jaffray & Co., the original purchaser, the purchase price for \$2,970,000 principal amount of bonds designated "Bear Lake County General Obligation Bonds, Series 2018" (the "Bonds").

The Bonds are issued in book-entry-only form, are dated as of November 29, 2018, are issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof within a maturity, and mature serially on February 1 of each year for years 2019 through 2028, and thereafter on February 1 in years 2033, 2038, 2043, and 2048 in the principal amounts and at the rates of interest as shown in the following schedule:

<u>MATURITY DATE</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
February 1, 2019	\$80,000	3.00%
February 1, 2020	\$55,000	3.00%
February 1, 2021	\$55,000	3.00%
February 1, 2022	\$60,000	3.00%
February 1, 2023	\$60,000	3.00%
February 1, 2024	\$60,000	4.00%
February 1, 2025	\$65,000	4.00%
February 1, 2026	\$70,000	4.00%
February 1, 2027	\$70,000	4.00%
February 1, 2028	\$75,000	4.00%
February 1, 2033*	\$410,000	4.00%
February 1, 2038*	\$505,000	4.00%
February 1, 2043*	\$625,000	5.00%
February 1, 2048*	\$780,000	4.00%

* Term Bond

The Bonds bear interest from their date of delivery at the rates set forth above, payable solely to the registered owners thereof, commencing on February 1, 2019, and semiannually, on each February 1 and August 1 thereafter, to their respective dates of maturity or prior redemption.

The amount received by the County is as follows:

Principal Amount: \$2,970,000.00

From: Steve Fuller sfuller@fullerlawonline.com
Subject: FW: Bear Lake County Judicial Confirmation
Date: Feb 1, 2019 at 3:04:46 PM
To: Representative Marc Gibbs mgibbs@house.idaho.gov
Cc: Vaughn vrinussen@aol.com

Marc,

I am forwarding to you an email string with the last email from the US Attorney, DOJ, with the request that Bear Lake County demonstrate its progress towards a new courthouse. The DOJ is serious about Bear Lake being in compliance with the ADA and if we do not comply in a timely manner, they will begin enforcement proceedings.

We appreciate all that you are doing.

Steve

Steven R. Fuller, Esq.
Fuller & Fuller, PLLC
24 N. State Street
Preston, Idaho 83263
Phone: (208) 852-2680
Fax: (208) 852-2683
sfuller@fullerlawonline.com
www.fullerlawonline.com

This email message originates from a law firm, and may contain privileged and/or confidential information. If you are not the intended recipient or have received this message in error, please delete it immediately and notify the sender.

From: England, Christine (USAID) [<mailto:Christine.England@usdoj.gov>]
Sent: Friday, February 01, 2019 11:10 AM
To: Steve Fuller <sfuller@fullerlawonline.com>
Subject: RE: Bear Lake County Judicial Confirmation

Hi Steve,

Just checking in on the County's progress. Could you please provide an update when convenient?

Thanks,
Christine

Christine Gealy England
Assistant United States Attorney | District of Idaho
(208) 334-1184 | christine.england@usdoj.gov

From: Steve Fuller <sfuller@fullerlawonline.com>
Sent: Tuesday, August 28, 2018 3:20 PM
To: England, Christine (USAID) <CEngland@usa.doj.gov>
Subject: RE: Bear Lake County Judicial Confirmation

Christine,

Bear Lake County has a construction manager hired, Big D Construction. Adjustments are being made to the plans with the architects. They are working with Michael Tippetts at Zions Bank for the financing.

They are moving along as quickly as circumstances allow. Contractors are difficult to obtain right now, but the County will let it out to bid soon.

Thanks,

Steve

Steven R. Fuller, Esq.
Fuller & Fuller, PLLC
24 N. State Street
Preston, Idaho 83263
Phone: (208) 852-2680
Fax: (208) 852-2683
sfuller@fullerlawonline.com
www.fullerlawonline.com

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From: England, Christine (USAID) [<mailto:Christine.England@usdoj.gov>]
Sent: Tuesday, August 28, 2018 12:37 PM
To: Steve Fuller <sfuller@fullerlawonline.com>
Cc: Black, Jessica (USAID) <Jessica.Black@usdoj.gov>
Subject: RE: Bear Lake County Judicial Confirmation

Hi Steve,

Hope you've had a nice summer. Could you please provide an update on the County's

progress toward a new courthouse?

Thanks,
Christine

Christine Gealy England

Assistant United States Attorney | District of Idaho
(208) 334-1184 | christine.england@usdoj.gov

From: Steve Fuller <sfuller@fullerlawonline.com>
Sent: Friday, March 23, 2018 3:51 PM
To: England, Christine (USAID) <CEngland@usa.doj.gov>
Subject: RE: Bear Lake County Judicial Confirmation

Here you go.

Steve

Steven R. Fuller, Esq.
Fuller & Fuller, PLLC
24 N. State Street
Preston, Idaho 83263
Phone: (208) 852-2680
Fax: (208) 852-2683
sfuller@fullerlawonline.com
www.fullerlawonline.com

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From: England, Christine (USAID) [<mailto:Christine.England@usdoj.gov>]
Sent: Friday, March 23, 2018 3:26 PM
To: Steve Fuller <sfuller@fullerlawonline.com>
Subject: RE: Bear Lake County Judicial Confirmation

Thanks, Steve. Great news! Could you also please send me the findings of fact and conclusions of law?

Thanks,
Christine

Christine Gealy England

Assistant United States Attorney | District of Idaho

(208) 334-1184 | christine.england@usdoj.gov

From: Steve Fuller [<mailto:sfuller@fullerlawonline.com>]

Sent: Friday, March 23, 2018 3:20 PM

To: England, Christine (USAID) <CEngland@usa.doj.gov>

Subject: Bear Lake County Judicial Confirmation

Christine,

Please find the attached Judgment entered by the Court today allowing Bear Lake County to go forward with the financing of its new Courthouse. The County is ready to make this happen.

Thank you for your help.

Steve

Steven R. Fuller, Esq.

Fuller & Fuller, PLLC

24 N. State Street

Preston, Idaho 83263

Phone: (208) 852-2680

Fax: (208) 852-2683

sfuller@fullerlawonline.com

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AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Wednesday, March 13, 2019

SUBJECT	DESCRIPTION	PRESENTER
PRESENTATION:	Idaho Rural Partnership's Efforts to Stimulate Community and Economic Development in Rural Idaho	Jon Barrett, Executive Director, Idaho Rural Partnership
<u>HCR 16</u>	A Concurrent Resolution Rejecting a Certain Rule of the State Tax Commission Relating to Property Tax Administrative Rules	Representative Thyra Stevenson
<u>HCR 17</u>	A Concurrent Resolution Rejecting a Certain Rule of the State Tax Commission Relating to Property Tax Administrative Rules	Representative Thyra Stevenson
Minutes	Approve the Minutes of February 20, 2019	Senator Hill
Minutes	Approve the Minutes of February 27, 2019	Senator Burgoyne

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Wednesday, March 13, 2019

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 2:11 p.m.

PRESENTATION: **Idaho Rural Partnership's Efforts to Stimulate Community and Economic Development in Rural Idaho.** Jon Barrett, Executive Director, Idaho Rural Partnership, made his presentation (see attachment 1).

HCR 16 **A Concurrent Resolution Rejecting a Certain Rule of the State Tax Commission Relating to Property Tax Administrative Rules.** Representative Thyra Stevenson, District 6, presented **HCR 16**. **Chairman Rice** made the decision to postpone hearing **HCR 16** until the next meeting. At that time a full copy of **Docket No. 35-0103-1801** will be provided to the Committee.

HCR 17 **A Concurrent Resolution Rejecting a Certain Rule of the State Tax Commission Relating to Property Tax Administrative Rules.** **Representative Stevenson** presented **HCR 17**, a rejection of Rule 600 in **Docket No. 35-0103-1803**. The docket was rejected by the House as well. The rule was to implement the new provisional exemption enacted in H 559 (2018). The Committee found the rule confusing and were in agreement to reject it.

MOTION: **Senator Hill** moved to send **HCR 17** to the floor with a **do pass** recommendation. **Senator Vick** seconded the motion. The motion carried by **voice vote**.

MINUTES APPROVAL: **Senator Hill** moved to approve the Minutes of February 20, 2019. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.
Senator Burgoyne moved to approve the Minutes of February 27, 2019. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 2:36 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

Context

- Created by executive order in 1991.
- *Idaho Rural Development Partnership Act* passed by legislature in 2008 and codified in Title 67, Chapter 90 Idaho Code.
- Structured as an “Independent Public Body Corporate and Politic”
- Idaho Department of Labor serves as IRP’s host agency.
- 35-member board includes legislators; local, state and federal government reps.; tribes; private and nonprofit sectors; higher education; and INL.
- Funding currently comes from federal grants, private sector sponsorships, and contributions from businesses and organizations in the individual rural communities we work with most directly.

IRP brings multiple agencies and organizations together to help rural communities clarify and work toward their desired future.

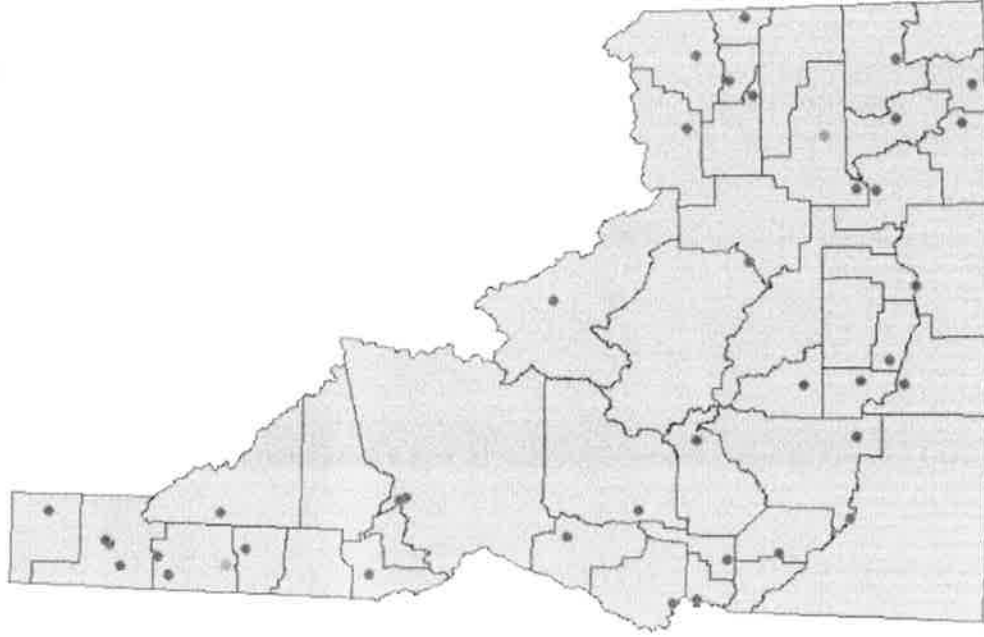
Outcomes produced by our collaborative efforts:

- Increased community capacity to complete community and economic development projects
- Increased efficiency and reduced duplication among agencies and organizations
- Increased awareness of funding and other resources available to rural communities
- Increased understanding of conditions, opportunities, and successful models in rural Idaho
- Identification of unnecessary impediments to rural development.

IDAHO'S COMMUNITY REVIEW PROGRAM REACHES STATEWIDE

The Idaho Rural Partnership implemented the Idaho Community Review Program in 2000. A community review is an assessment and strategic planning process designed for towns with fewer than 10,000 people. The program brings together community members and local leaders with experts in rural community and economic development to identify local priorities and resources to achieve them.

Community reviews are co-developed with local leaders, business owners, and residents. Each review is unique, focuses on a wide range of community issues, and is tailored to the community. This process helps communities move from assessment to action to results.



- 41 community reviews since 2000
- 3 new assessments each year
- Plans underway in Blackfoot

*"The community review gave us
more confidence that
future projects would succeed."*

Idaho Community Review Program

Phase 1

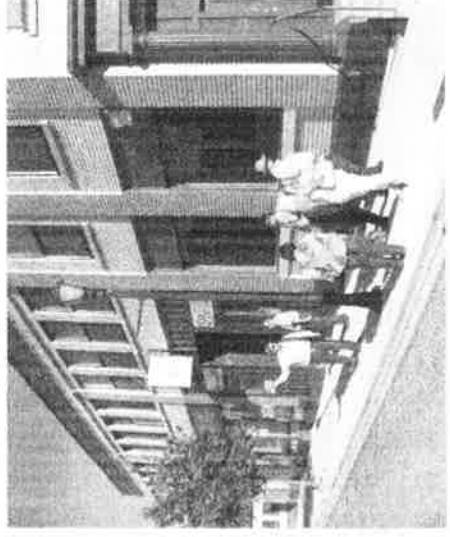
Survey of residents
Listening sessions
Demographic &
economic profile

Phase II

Larger team of
visiting
professionals work
with community
develop actions
plan for three focus
areas identified
during Phase I.

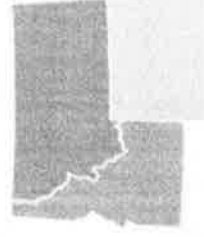
Phase III

Coaching to
support
implementation of
action plans
developed during
Phase II.



UNIVERSITY OF IDAHO IS STUDYING WAYS TO IMPROVE THE COMMUNITY REVIEW PROGRAM

University of Idaho and a USDA National Institute of Food and Agriculture research grant are helping us identify ways communities benefit from participating in the IRP Community Review program.



Western
Community
Assessment
Network

www.communityreview.org



University of Idaho

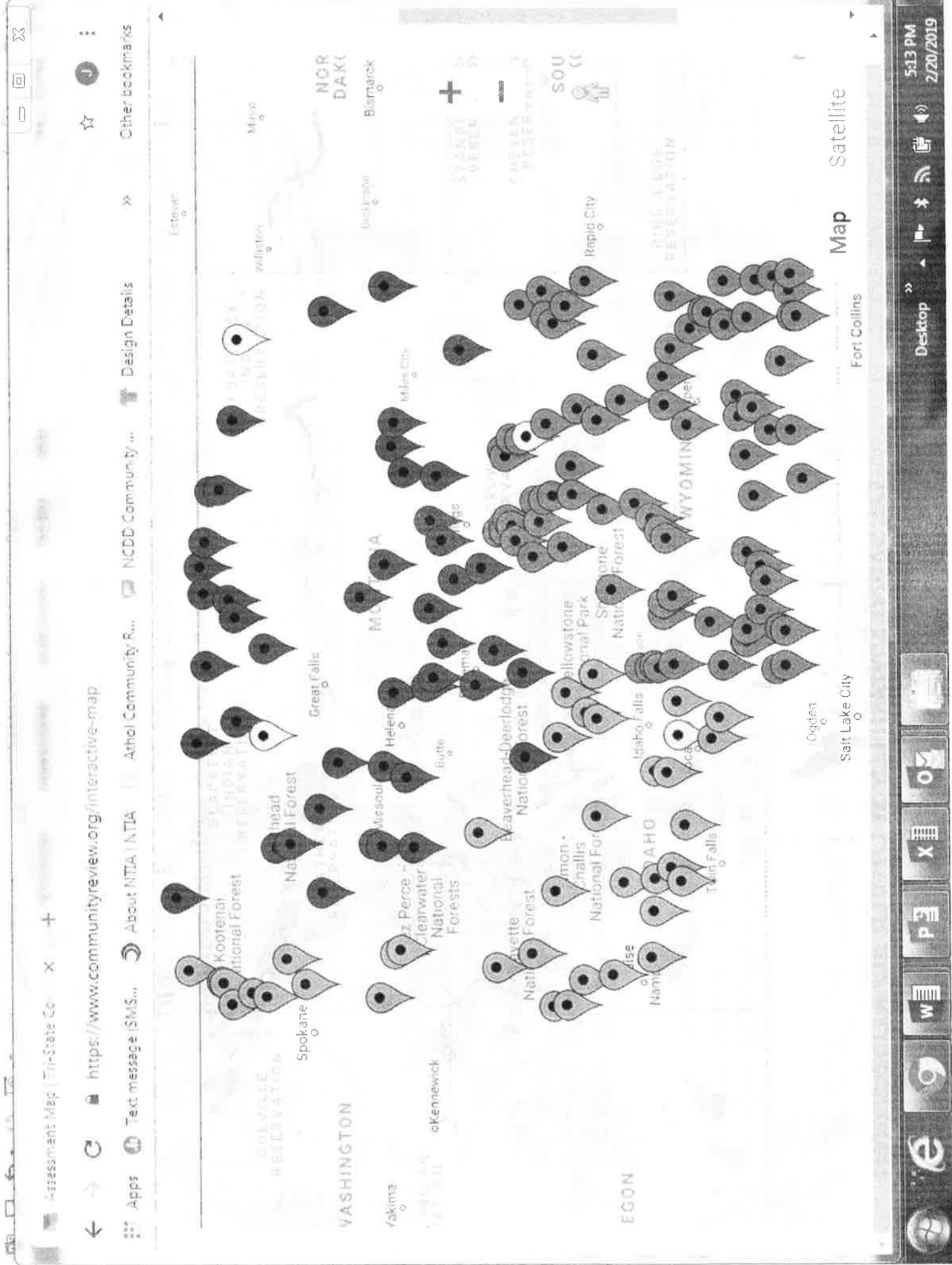
To date, five communities have participated in the evaluation process called "Ripple Effects Mapping," which helps communities identify the chain of effects resulting from the review and their implementation efforts. Another 10 communities, at least, will be evaluated before the grant ends in 2020.

Participating communities receive up to \$1,000 to implement a project identified as a need by their review.



This project is supported by USDA's Agriculture and Food Research Initiative (AFRI) of the National Institute of Food and Agriculture, Grant #2016-10945. It is part of the AFRI Foundational program.

"Funding sources want to know you have done a community review. They want to know you've done the planning. They want to know you didn't throw a funding request together at the last minute."



IDAHO'S COMMUNITY REVIEW PROGRAM HAS POSITIVE IMPACTS ON RURAL COMMUNITIES

ECONOMIC DEVELOPMENT

Ashton

New office building
opened

Fairfield

\$375,000 for Soldier Road
main street improvement:
sidewalks, curbs, traffic
calming, and
beautification

IMPROVEMENTS IN INFRASTRUCTURE

American Falls

\$2.5 million for
water infrastructure

BRINGING PEOPLE TOGETHER

Glenns Ferry

ArtWalk with
historical art contest

Meadows Valley

Community Dinner

IDAHO'S COMMUNITY REVIEW PROGRAM HAS POSITIVE IMPACTS ON RURAL COMMUNITIES

NEW PROGRAMS FOR YOUTH

American Falls

\$150,000
for skatepark
\$2 million

for safe routes to school

INCREASING TOURISM

Ashton

\$1,500 YTT to connect
to Tetonias Trail

Glenns Ferry

Ghost Tour
funding (DOC Travel
Council grant)

INCREASING PUBLIC SAFETY

New Meadows

\$300,000 for sidewalks
and ADA ramps (GEM)

Fairfield

\$380,000 for
walking path (ITD)

Our other activities

- Statewide Comprehensive Economic Development Strategy
- Broadband
- Rural health



Rural Health

Summer 2018

IRP partners with Idaho Policy Institute and students in Boise State's MPA program, who completed analysis of existing data to identify health trends comparing rural and urban counties. (see related handout)



Fall/winter 2018

IRP enters into partnership with Blue Cross of Idaho Foundation for Health and Idaho Community Foundation to conduct health-related community outreach in a number of rural counties in 2019.

Disparities between Urban and Rural Idaho

Unemployment

Teen Pregnancy

Obesity

Intimate Partner Violence

Heart Disease Death

Food Insecurity

Education: High School Diploma or...

Divorce

Diabetes

Crime

Completed Suicide

Cancer

Urban

Rural

HEALTH DISPARITIES BETWEEN RURAL AND URBAN IDAHO, SUMMER 2018.
DATA AND ANALYSIS COMPILED BY CRYSTAL CAMPBELL, NIKKI HANSON, REECE RANDALL, THORPE ORTON AS PART
OF A MASTERS OF PUBLIC ADMINISTRATION CAPSTONE PROJECT.

What we're hearing in rural communities

- Communities want youth to have the option of returning ("rural returners") as young adults
- Divisions limiting collaboration among community groups, getting in the way of forward progress
- Desire for arts, cultural, and recreation opportunities
- How do we increase people volunteering for community organizations and projects?
- Housing
- Broadband
- Growth and change is okay, but not at the expense of small town values.

THANK YOU!

Jon Barrett
Executive Director
208-332-1731
208-383-9687 (mobile)
jon.barrett@irp.idaho.gov

Contact the Idaho Rural Partnership to learn more about,
or participate in, the Community Review Program:

http://irp.idaho.gov/home/community_review/
irpcommunityreview@irp.idaho.gov

Watch for comprehensive reports

on

www.communityreview.org

over the next year

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Tuesday, March 19, 2019

SUBJECT	DESCRIPTION	PRESENTER
<u>HCR 16</u>	A Concurrent Resolution Rejecting a Certain Rule of the State Tax Commission Relating to Property Tax Administrative Rules	Representative Thyra Stevenson
<u>H 130aa</u>	Relating to the Clarification of the Annexation Process for Cities and Property Owners	Representative Jarom Wagner and Representative Bryan Zollinger
<u>H 193aa</u>	Relating to the State Tax Commission to Revise Provisions Regarding Legal Descriptions and Boundaries	Representative Jarom Wagner

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice	Sen Lakey
Vice Chairman Grow	Sen Cheatham
Sen Hill	Sen Burgoyne
Sen Vick	Sen Nye
Sen Anthon	

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Tuesday, March 19, 2019

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 2:01 p.m.

HCR 16 **A Concurrent Resolution Rejecting a Certain Rule of the State Tax Commission Relating to Property Tax Administrative Rules**, presented by Representative Thyra Stevenson, District 6. **Representative Stevenson** explained that the House Revenue and Taxation Committee felt several of the rules in **Docket No. 35-0103-1801** were going beyond the intent of making rule and creating law. With so many rules in one docket, after much discussion the House Committee voted to reject the entire docket.

TESTIMONY: **Jeremy Pisca**, Risch Pisca, PLLC, representing PotlatchDeltic Corporation, testified against **HCR 16**. **Mr. Pisca** stated that Rule 962 was a negotiated rule with legislative intent.

DISCUSSION: **Senator Hill** questioned if **Mr. Pisca** was aware of anyone who opposed Rule 962, or could be injured by it. **Mr. Pisca** responded that to his knowledge there was no one. **Senator Vick** recalled the issue because it had originated in Kootenai County. The classification of forest land had been changed without owner notification, resulting in Rule 962. **Senator Vick** felt it important the rule remain. **Senator Burgoyne** also stated he believed Rule 962 was important and should remain.

TESTIMONY: The following people testified against **HCR 16**: **Seth Grigg**, Executive Director, Idaho Association of Counties; **Brian Stender**, Canyon County Assessor; **Ken McClure**, Givens Pursley, LLP; and **Megan Conrad**, Elam & Burke.

Ken Roberts, Chairman, Idaho State Tax Commission, testified to the Committee that **HCR 16** deals with many rules, all negotiated. He stressed the importance that the rules are implemented.

DISCUSSION: **Chairman Rice** informed the Committee that should there be a difference in rejection of rules between the Senate Committee and the House Revenue and Taxation Committee, it would always be his practice to revisit the issue.

MOTION: **Senator Anthon** moved that **HCR 16** be held subject to the call of the Chair. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

H 130AA

Relating to the Clarification of the Annexation Process for Cities and Property Owners, presented by Representative Jarom Wagoner, District 10, and Representative Bryan Zollinger, District 33. **Representative Wagoner** stated that presently there are three categories of annexation. A Category A annexation is requested by the property owner. They come to the city, pay the application fees, go to the city council, and ultimately have the decision rendered on their behalf. A Category B annexation is initiated by the city. Currently, they are able to annex up to 100 parcels at a time and these must be surrounded by city limits or the impact area. A Category C annexation is arduous, rarely used, and only adds confusion to the code.

Representative Wagoner related that **H 130aa** refers to Category B annexations. It would reduce the number of property owners allowed to be annexed from 100 to 50, and require they be true enclave properties, not including impact areas. The issue that sent **H 130aa** for amendment was the reference to rights of way or contiguity to city limits. A right of way should be contiguous and no more than 150 feet in length.

DISCUSSION:

Senator Lakey related that land cannot be annexed if connected by a highway or right of way. He questioned if it was possible to annex less than 150 feet. **Representative Wagoner** explained the intent was less than 150 feet, to limit a city trying to circumspect the law. **Senator Vick** commented that the issue seemed straight forward. The land must be adjacent and the right of way must be 150 feet wide, meaning no shoestrings allowed. **Representative Wagoner** replied in the affirmative, that was the intent.

TESTIMONY:

John Evans, Association of Idaho Cities, Mayor of Garden City, testified against **H 130aa**. **Mr. Evans** related his concern that a right of way should not be a barrier to annexation. If a property owner desires to be annexed, a state highway should not create an unintended barrier.

MOTION:

Senator Vick moved to send **H 130aa** to the floor with a **do pass** recommendation.

SUBSTITUTE MOTION:

Senator Anthon moved to hold **H 130aa** in Committee. **Senator Burgoyne** seconded the motion. The motion carried by **voice vote**.

ADJOURNED:

Chairman Rice stated the remaining agenda item would be rescheduled to a later date and adjourned the meeting at 3:27 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
2:00 P.M.
Room WW53
Thursday, March 21, 2019

SUBJECT	DESCRIPTION	PRESENTER
Page Graduation	Graduation of the Local Government and Taxation Committee Page for the Second Half of the Legislative Session, Lauren Pattee of Eagle, Idaho	Chairman Rice
<u>H 193aa</u>	Relating to the State Tax Commission to Revise Provisions Regarding Legal Descriptions and Boundaries	Representative Jarom Wagoner
<u>H 217</u>	Relating to the Local Economic Development Act; To Establish More Taxpayer Input into Municipal Structures that Come Off the Tax Roll	Representative Robert Anderst, Representative Rick Youngblood, Representative Mike Moyle, and Senator Dan Johnson
<u>H 259</u>	Relating to Sales and Use Tax; Directs Internet Retailers and Marketplace Facilitators to Collect and Remit Sales and Use Tax	Representative Mike Moyle

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Thursday, March 21, 2019

TIME: 2:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 2:01 p.m.

PAGE GRADUATION: **Chairman Rice** honored Page Lauren Pattee from Eagle, Idaho. He requested she come to the microphone, introduce herself, tell the Committee what she had learned, and her plans for the future. **Ms. Pattee** started by thanking the Committee for the opportunity. She stated she had learned much about the process of government, more than she had anticipated. She plans on attending Brigham Young University this summer, and in the fall will head to Utah Valley University to study nursing.

Vice Chairman Grow acknowledged that Ms. Pattee was from District 14 and attended Eagle High School, which is his district. He hoped she would encourage other juniors to consider this work for next year. **Senator Lakey** echoed Senator Grow's sentiments and also stated she was on the right track for college.

Chairman Rice expressed the gratitude of the Committee for her service by giving her a letter of appreciation signed by the members. He then gave her several gifts from the Committee as well as a letter of recommendation.

H 193AA **Relating to the State Tax Commission to Revise Provisions Regarding Legal Descriptions and Boundaries**, presented by Representative Jarom Wagoner, District 10. **Representative Wagoner** related he believed **H 193aa** to be a simple issue. When a taxing district changes their outer boundary, they submit that to the State Tax Commission (Commission). Current code requires the Commission to look for three things: if the legal description is correct, if the map is correct, and if it complies with Idaho Code. **H 193aa** removes the last stipulation regarding Idaho code compliance. That decision is more of an elected body's responsibility, whether that be a city council, county commissioners, or any other elected body. **Representative Wagoner** stated that **H 193aa** added language that if the Commission found a legal description or map boundary to be incorrect, upon notification, the taxing district had 28 days to provide the correct information. If the correct information was not provided in that time frame, the Commission had the authority to not recognize the changes.

DISCUSSION: **Senator Burgoyne** questioned Representative Wagoner regarding the policy of a governing body of a district determining Idaho Code compliance rather than the Commission. Could this not lead to potential overtaking by exceeding legal boundaries. **Representative Wagoner** replied there were checks and balances set in annexation code, and always the opportunity to appeal decisions.

MOTION: **Senator Burgoyne** moved to send **H 193aa** to the 14th Order of Business for possible amendment.

SUBSTITUTE MOTION: **Senator Lakey** moved to send **H 193aa** to the floor with a **do pass** recommendation. **Senator Hill** seconded the motion. The motion carried by **voice vote**, with **Senator Anthon** and **Senator Burgoyne** requesting they be recorded as voting nay.

H 217 **Relating to the Local Economic Development Act; To Establish More Taxpayer Input into Municipal Structures that Come Off the Tax Roll**, presented by Representative Robert Anderst, District 12. **Mr. Anderst** stated that after much consultation between sponsors, the Chairman, and other Committee members, they are requesting that the Committee send it to the 14th Order for amendments.

Representative Anderst relayed to the Committee that **H 217** is a continuation of H 606 (2016), the idea that public projects should have public support. The primary way to determine public support is through the ballot box. **H 217** adds the word "remodel" alongside "construction" within the definition of municipal building. It also adds the term "multi-purpose sports stadium complex" to that same area of code. The original H 606 (2016) established a threshold of 51 percent of the project cost. **H 217** also lowers the voter approval threshold from 60 to 55 percent. There is specific information listed as to what would be excluded from a vote. Building roads, providing sewer or water, or expanding any services a city typically provides is excluded. What designates a multi-purpose sports stadium complex is defined.

Representative Anderst continued that **H 217** amends the definition of municipal building to include owned, leased, and operated, except for infrastructure. The original language had "owned" alone. There had been situations where one municipality or subdivision of government has an urban renewal district build a structure. They would then lease it back, making payments based on the arrangement, all without a public vote. Under **H 217** that would trigger the vote threshold as any other municipal building.

TESTIMONY: The following people testified against **H 217**: **Bill Connors**, Boise Metro Chamber of Commerce; **Bill Taylor**, Idaho Youth Soccer Association; **John Evans**, Association of Idaho Cities, Mayor of Garden City; **Ryan Ambroster**, Redevelopment Association of Idaho, Inc., Elam & Burke; **Chelsea Wilson**, Parker Public Affairs, City of Caldwell; **John Watts**, Idaho Chamber Alliance; **Eric Heringer**, Managing Director, Piper Jaffray; **Geoff Wardle**, Spink Butler, LLP; and **Jeremy Chou**, Givens Pursley, LLP.

The following people testified in favor of **H 217**: **Gary Michael** and **Brian Durst**, private citizens.

MOTION: **Vice Chairman Grow** moved to send **H 217** to the 14th Order of Business for possible amendment. **Senator Vick** seconded the motion.

SUBSTITUTE MOTION: **Senator Burgoyne** moved to hold **H 217** in Committee. **Senator Nye** seconded the motion.

DISCUSSION: **Senator Burgoyne** pointed out there was little support for **H 217**. When he first came to the legislature, there was a lot of pent up frustration over urban renewal. Generally, consensus legislation is always best, and there were people who came forward with ideas to support. **Senator Burgoyne** felt that process was not followed in this situation. Cities that use urban renewal have shown themselves to be responsible.

Chairman Rice wished to point out that there were people who signed up in favor of **H 217**, but did not wish to testify. **Representative Anderst** requested the Committee not infer a lack of support for **H 217**, there were over 100 individuals at the House committee hearing.

Senator Anthon and **Senator Lakey** stated they had a conflict of interest pursuant to Senate Rule 39(H) but intended to vote.

Senator Lakey remarked that private/public partnerships should not be inhibited. He believes it preferable to return to 51 percent or greater of project cost rather than the first dollar expenditure.

VOICE VOTE: The motion to hold **H 217** in Committee failed by **voice vote**.

ORIGINAL MOTION: The motion to send **H 217** to the 14th Order of Business for possible amendment carried by **voice vote**, with **Senator Burgoyne** requesting he be recorded as voting nay.

H 259 **Relating to Sales and Use Tax; Directs Internet Retailers and Marketplace Facilitators to Collect and Remit Sales and Use Tax**, presented by Representative Mike Moyle, District 14. **Representative Moyle** stated that **H 259** directs internet retailers and marketplace facilitators to collect and remit sales and use tax to the State Tax Commission (Commission) in response to the United States Supreme Court decision known as "Wayfair." **H 259** sets a threshold of annual sales for internet retailers and marketplace facilitators at \$100,000. There is no requirement to remit sales tax retroactively. **H 259** meets the test determined by the Wayfair ruling of submitting sales and use tax to one agency, thereby reducing administrative costs.

Representative Moyle discussed the tax relief fund: a fund the legislature set up several years ago while addressing online sales. The concern at that time was the uncertainty of how much money would be collected, and what to do with it. Nothing happened with that fund; it has remained empty. **H 259** allows the collection of those revenues, setting them aside using the tax relief fund. **Representative Moyle** reported that there had been concern expressed regarding the funds being set aside, diverting them from the distribution formula on sales tax. At this point they have no idea how much there will be, and if necessary, that decision can be made in the future.

TESTIMONY: **Jess Harrison**, Executive Director, Idaho Association of Cities, testified against **H 259**. They appreciate efforts to enact the decision, but cannot support taking it from the regular course of revenue allocation. They do not believe sales and use tax collected online is different from tax collected in physical stores, and requested the diversion to the tax relief fund be removed.

Seth Griggs, Executive Director, Association of Counties, testified against **H 259**. Currently, remitted tax from online transactions is going through the sales tax revenue distribution formula. A portion of that goes to local jurisdictions. Their only problem with **H 259** is the diversion to the tax relief fund.

Karen Echeverria, Idaho School Board Association, testified against **H 259** in its current form. They support the bill but request the Committee send it to the amending order.

Pam Eaton, President, Idaho Retailers Association, testified in support of **H 259**. **Ms. Eaton** stated to the Committee that this issue has been discussed for 18 years. It is important to align the laws. Their concern is that **H 259** pass, and they have no problem that monies are directed to the tax relief fund.

Brody Aston, Enterprise Car Rental, and **Liz Hatter**, Idaho Chamber Alliance, both testified in support of **H 259**.

MOTION: **Senator Hill** moved to send **H 259** to the floor with a **do pass** recommendation. **Vice Chairman Grow** seconded the motion.

SUBSTITUTE MOTION: **Senator Burgoyne** moved to send **H 259** to the 14th Order of Business for possible amendment. **Senator Nye** seconded the motion.

**ROLL CALL
VOTE ON
SUBSTITUTE
MOTION:**

Chairman Rice called for a roll call vote. **Senators Anthon, Lakey, Cheatham, Burgoyne, and Nye** voted aye. **Senators Vick and Hill, Vice Chairman Grow, and Chairman Rice** voted nay. The motion carried.

ADJOURNED:

There being no further business at this time, **Chairman Rice** adjourned the meeting at 3:20 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
1:00 P.M.
Room WW53
Monday, March 25, 2019

PLEASE NOTE SPECIAL DAY AND TIME

SUBJECT	DESCRIPTION	PRESENTER
<u>H 183</u>	Relating to Income Taxes; To Revise Provisions Regarding the Taxation of Corporations on Foreign Income	Senator Brent Hill and Senator Chuck Winder

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES

SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE

DATE: Monday, March 25, 2019

TIME: 1:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Hill, Vick, Anthon, Lakey, Cheatham, Burgoyne, and Nye

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Rice** called the meeting of the Local Government and Taxation Committee (Committee) to order at 1:00 p.m.

H 183 **Relating to Income Taxes; To Revise Provisions Regarding the Taxation of Corporations on Foreign Income.** **Senator Hill** presented **H 183**, stating it was a simple, but technical, last step to full conformity with the Tax Cuts and Jobs Act (TCJA) of 2017. **H 183** specifically deals with the allowable deductions related to offshore or foreign income. The goal of the federal tax bill was to bring the earnings from United States companies overseas back to the United States for reinvestment, particularly in manufacturing.

H 183 addresses three basic issues. Section 965 is a new requirement to report and pay taxes on earnings that have been held overseas since 1986. Section 245A and Global Intangible Low-Taxed Income (GILTI), establishes allowable deductions for future overseas earnings and levels the expected amount of taxes on those earnings. Foreign-Derived Intangible Income (FDII) is used to replace the section 199 manufacturing deduction, which was an incentive for manufacturing here in the United States. It is a much more limited manufacturing deduction as far as application, but the deduction is higher.

The federal law repealed a number of deductions that were otherwise allowed to corporations. Significant manufacturing deductions as well as entertainment expenses were no longer deductible. Corporations no longer received deductions for parking or mass transit for employees. Interest is deductible in corporations only to the extent it exceeds 30 percent of adjusted gross income. Net operating losses, which have been used to offset income going forward, are limited to 80 percent of taxable income. Those were just some of the changes for corporations in exchange for these deductions.

Senator Hill stated that during the previous legislative session they had a conformity bill which attempted to address the issue at that time. The desire was not to wait, and wanting the citizens to know what tax laws they were operating under. However, due to the complexity of the issue, the decision was made to add the deductions back, and wait until this session. The changes made in **H 183** were in the original bill. The three deductions, 245A, 250, and 965, were added back, and now **H 183** removes them.

The fiscal impact statement shows three tiers to taxation of foreign income. The first is income inclusion (H 463, 2018), then allowable deductions related to that income (**H 183**), and tax calculation. At the federal level there is a foreign tax credit for taxes paid in a foreign country to help offset the United States tax. Idaho has a flat 80 percent deduction. It would be difficult for a company to calculate a foreign tax credit on taxes paid in several different countries, particularly if those corporations only have a small part of their operation in Idaho. The legislature allows the 80 percent deduction to take the place of foreign tax credits. There is an 85 percent deduction available, but **Senator Hill** relayed that most companies do not participate because they are then required to divulge much broader information to the State Tax Commission.

MOTION: **Senator Nye** moved to send **H 183** to the floor with a **do pass** recommendation. **Senator Anthon** seconded the motion. The motion carried by **voice vote**.

ADJOURNED: There being no further business at this time, **Chairman Rice** adjourned the meeting at 1:11 p.m.

Senator Rice
Chair

Machele Hamilton
Secretary

JOINT AGENDA
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
AND
HOUSE REVENUE & TAXATION COMMITTEE
8:30 A.M.
Room EW42
Tuesday, March 26, 2019

SUBJECT	DESCRIPTION	PRESENTER
PRESENTATION:	Data Center Sales/Use Tax Exemption	Steve DelBianco, President, NETCHOICE, and Barbara Comstock, Former Virginia Congresswoman

If you have written testimony, please provide a copy of it along with the name of the person or organization responsible to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Rice
Vice Chairman Grow
Sen Hill
Sen Vick
Sen Anthon

Sen Lakey
Sen Cheatham
Sen Burgoyne
Sen Nye

COMMITTEE SECRETARY

Machele Hamilton
Room: WW50
Phone: 332-1315
email: sloc@senate.idaho.gov

MINUTES
JOINT MEETING
SENATE LOCAL GOVERNMENT & TAXATION COMMITTEE
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Tuesday, March 26, 2019

TIME: 8:30 A.M.

PLACE: Room EW42

MEMBERS PRESENT: Chairman Rice, Vice Chairman Grow, Senators Lakey, Cheatham, and Nye

Chairman Collins, Vice Chairman Stevenson, Representatives Anderst, Dayley, Chaney, Gestrin, Addis Furniss, Ricks, and Ellis

ABSENT/ EXCUSED: Senators Hill, Vick, Anthon, and Burgoyne

Representatives Moyle, Dixon, Giddings, Nichols, Erpelding, and Mason

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Collins** called the joint meeting of the Local Government and Taxation Committee and the House Revenue and Taxation Committee (Committees) to order at 8:31 a.m.

Chairman Collins reminded the Committee members that the joint meeting was for informational purpose only. Recently, **H 279** was introduced. The proposed legislation would provide an exemption from sales and use tax for eligible server equipment and new plant investment in data centers. **H 279** will be considered next session, but was introduced now for the purpose of discussion.

PRESENTATION: **Data Center Sales/Use Tax Exemption**, presented by Steve DelBianco, President and CEO of NetChoice, and Barbara Comstock, Former United States Representative from Virginia. **Stephen Thomas**, Partner, Hawley Troxell, introduced Mr. DelBianco and Ms. Comstock, informing the Committee they would be available for questions on completion of their presentation.

Mr. DelBianco stated NetChoice was an Association of eCommerce businesses such as AirBnB, Ebay, Etsy, Facebook, Google, Lyft, PayPal, Twitter, Yahoo, and many other leading eCommerce companies. He and Ms. Comstock live in Loudoun County in northern Virginia. Loudoun County has the number one concentration of data centers in the world, providing hundreds of millions of dollars in tax revenue and thousands of jobs across the state of Virginia. A five year study by the Virginia Technology Council found 43,000 jobs created, 3.2 billion in labor income, and 10 billion in economic output generated by data centers. Wages paid at data centers, an average of \$100,000 a year, are more than twice the statewide average of Virginia. Data center employment and wage growth is four times the average (attachment 1).

Mr. DelBianco informed them the tax environment is essential for the location of data centers. Every success story is from a state that has relief from sales tax on the hundreds of millions of dollars of equipment that is purchased, upgraded, or replaced throughout the lifecycle of each data center. A data center located in your state brings two aspects-economic benefits and tax benefits. Data centers also require zero outlay in resources. **Ms. Comstock** added that the data centers are recession proof as well. **Mr. DelBianco** also pointed out that companies locate their data centers where the best tax and business environment will be. They do not need to locate them where the users are.

Ohio's Economic Development Authority approved 40 years of sales tax exemptions for a \$750 million data center project in 2017. A \$600 million center was approved in December, with a total of \$2.5 billion in data center investments in just the last two years. Indiana had no sales tax incentives and zero data centers. Recently, the Senate in Indianapolis unanimously approved a House bill that would allow a 50 year exemption from sales tax on equipment and electricity for investments over \$750 million. **Mr. DelBianco** believes **H 279** to be better than any other state in terms of permanent sales tax relief and encouraged the Committee to support it next session.

DISCUSSION:

Chairman Rice asked for clarification regarding the tax exempt thresholds. **Mr. DelBianco** responded that there are a variety of thresholds, but typically it is a two tiered relief system. Long term relief is most often reserved for investments of \$100 to \$250 million. Below those amounts states may have lower tiers for data centers that serve multi location facilities. As an example, **Mr. DelBianco** explained that Facebook, Google, or Amazon might build a data center, which would then be their own center. This is a potential of \$750 million to \$1 billion in investment. Another tier might be a developer building a \$100 million data center that houses multiple clients. In Indiana there has been demand for even lower thresholds, as little as \$10 million in equipment with a requirement to create 20 jobs. States are differing in approach to the tax exemption thresholds. **Mr. DelBianco** informed the Committee he would make the information available to them regarding the thresholds of 30 different states that offer them.

Senator Nye questioned how Idaho could become more competitive with data centers. **Mr. DelBianco** stated the first step was to provide sales tax relief on the equipment investments and **H 279** will do that. The commerce department must then make themselves known to the data centers. It is important that Idaho show local property tax rates, real property tax rates, workforce composition, education systems, infrastructure, etc.

Representative Ellis pointed out that Idaho currently has 6,300 unfilled STEM jobs and his concern was how we would meet the workforce training needs. **Mr. DelBianco** informed the Committee that the jobs required are not programmers. They are technicians and maintenance jobs for the facility and grounds. They bring skilled workers from other data centers to train.

Senator Lakey requested **Mr. DelBianco** list how many states currently have an equivalent to **H 279**, and how many others are considering something similar. **Mr. DelBianco** replied he intended to provide a table of the different thresholds that are in existing law. Depending on the different tax incentives, there are currently over 30 states that have some type of incentive.

Representative Anderst questioned what makes a physical location desirable to a data center. **Mr. DelBianco** replied that the list was not long; basic air and vehicle transportation, an educated workforce with a business friendly environment, coupled with state tax incentives. The price of power is extremely important, and renewable power is a priority. Hydropower is a significant source of Idaho's power and this makes Idaho attractive. A data center's annual operating budget can be almost 80 percent electricity.

Representative Ricks described the growth of technology and the consolidation of companies, asking if there was much further growth potential. **Mr. DelBianco** pointed out that everything done daily is now cloud hosted. It is cumulative; the size of video, photography, expanding cell phones are all demand driven. He reminded the Committee that data privacy laws and data transfer regulations require that the United States market is served by United States based data centers. The demand of business and consumers guarantee ongoing data center growth.

Chairman Collins thanked Mr. DelBianco and Ms. Comstock for their time, stating it had been very informative.

ADJOURNED: There being no further business at this time, **Chairman Collins** adjourned the meeting at 10:31 a.m.

Senator Rice
Chair

Machele Hamilton
Secretary

Lessons from Virginia: *Attracting Data Centers* *to Benefit Idaho*

Barbara Comstock, former Congresswoman, Virginia Legislator, and
now an advisor to NetChoice

Steve DelBianco, former Director of Virginia Economic Development
Partnership, and president of NetChoice





Data Centers deliver for Virginia

43,000 jobs

\$ 3.2 Billion in labor income

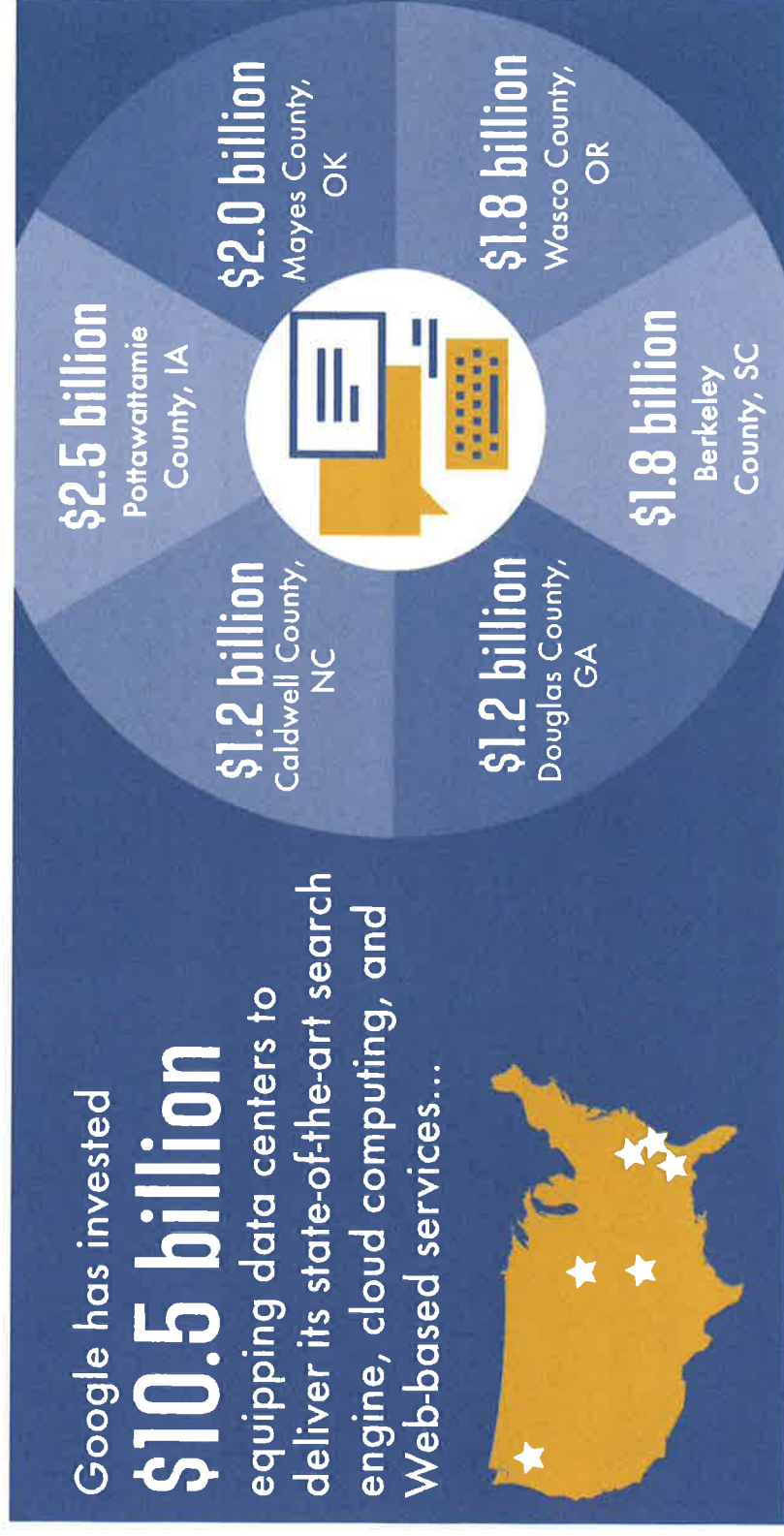
\$10 Billion in economic output

*Data centers pay wages more
than twice the statewide
private sector average.*

*Over the last five years, data centers have
experienced employment and wage growth
four times the statewide average.”*



Actual experience for Six Google Data Centers

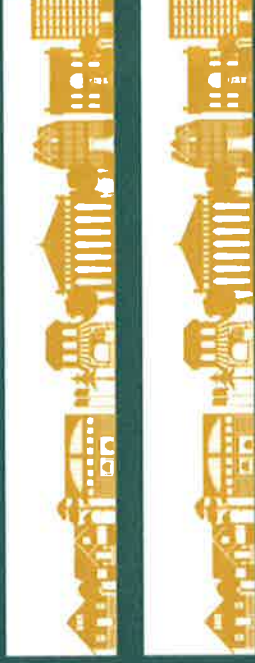


Economic opportunity and Jobs

These Google data centers generate significant income and economic activity for the communities around them...

\$750 million
in labor income

\$1.3 billion
in economic activity



...and have created
11,000 jobs
throughout
the United States.

1,900
people directly
employed on
the six data
center campuses



1,100
construction
workers employed
for maintenance
work each year,
on average



Data Centers bring Incremental Economic Benefits

	Here	Not here
Income & spending by construction workers & contractors	+	0
Income & spending by data center employees	+	0
Revenue for local suppliers and contractors	+	0
High-tech training and experience for workforce	+	0
Lodging & meals taxes by contractors and visitors	+	0
Make the state more attractive for tech industries	+	0
Diversify local economies	+	0

Data Centers bring Incremental Tax Benefits

	Here	Not here
Income taxes paid by employees and workers	+	0
Corporate income taxes from data center operators	+	0
Local property taxes	+	0
Sales taxes on non-exempt equipment and supplies	+	0
Lodging taxes for visits by contractors and workers	+	0
Corporate income taxes from contractors & suppliers	+	0

Data Centers may locate Here, or Not here

at least 17 other states offer the sales tax exemption for server equipment, and if Idaho does not offer an equivalent exemption, these businesses will very likely locate in states other than Idaho that do provide the exemption.

Accordingly, there is no loss of tax revenue from businesses that would not locate in Idaho without the exemption, and there is likely an increase in revenue from taxes related to the growth these businesses would promote.

Fiscal Note for HB 279, Idaho Legislative Services

The Last Word

Mick Berry
Manager,
Catawba County, NC



"I highly recommend it — take 'em if you can get 'em. Otherwise, send them to us."

"It's our single biggest taxpayer, generating revenue to the county of almost \$1.5 million and employing 400 or 500 people. It was as close to a no-brainer as you get in this business."